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Nations asked to close ranks against fraud
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World News

Bush to ask Congress for $200m aid for Poland

President George Bush will ask Congress for an additional $200m loan for Poland to help with the restructuring of its economy. Marlin Fitzwater, the White House spokesman, said the decision to increase American aid reflected "the dramatic changes in Poland over the past two months." Page 18

Panama accuses US
Panama's president accused US Army troops of blocking roads during Tuesday's attempted coup to keep Panamanian troops from rescuing Defence Forces chief Gen Manuel Antonio Noriega. US reaction, Page 18

Israeli delay
Israel's inner cabinet is likely to delay its reaction to Egyptian proposals for Israeli-Palestinian peace talks, despite pressure from the US to reach a decision. Page 6

EC taxation
The European Commission decided on confrontation, rather than concession, in the increasingly tense battle with EC governments over how to levy indirect taxes in a frontier-free Community. Page 2

US resists sanctions
THE Bush Administration is seeking to put off Congressional pressure for additional sanctions against South Africa Page 4

Chinese warning
The Chinese Government warned that its future co-operation with Hong Kong had been "marred" because the British colony had allowed a Chinese swimmer to fly to the US instead of sending him home. Page 6

Drug extradition
Colombia's Supreme Court judges have approved the extradition procedure introduced by the Government in its anti-drug package on August 18. Page 4

Natal clashes
About 100 people have died in clashes between rival black political groups in Natal since peace talks between the two sides broke down. Page 6

Norwegian blast
An unexplained gas explosion at an oil refinery in southern Norway has indefinitely halted processing of some 90,000 barrels of oil per day of the country's North Sea oil.

Soviet reform
A close adviser to President Gorbachev said perestroika had turned out to be a more difficult process than was expected. Page 2

Hijack sentence
Convicted Lebanese hijacker Fawaz Yunis was sentenced to 30 years in a US prison for the 1985 seizure of a Jordanian airliner in Beirut with two Americans on board.

Famous hotel fire
Langham Hotel, once the most popular in London, which served as home to the exiled Emperor Napoleon III and to American Wallis Simpson was gutted by fire.

Computer crime
International co-operation is essential to tackle the menace of computer crime, the International Bar Association conference was told. Page 2

Business Summary

Ciba-Geigy pulls out of battle for Connaught

CIBA-GEIGY, Swiss chemicals group, withdrew from the battle for Connaught BioSciences, Canadian vaccines maker, leaving the way open for a $801m bid by Institut Mérieux, French biotechnology company controlled by Rhône-Poulenc. Page 19

SEARS, international retail group, reported that high interest rates hit its retailing and housebuilding. First half profits fell 13 per cent. Page 19

FSA, Financial Security Assurance, US company providing credit guarantees on corporate debt issues, agreed to $345m takeover by US West, the telecoms group. Page 26

STANDARD CHARTERED, UK-based international commercial bank, and Westdeutsche Landesbank (West LB), West Germany's biggest public-sector financial institution, reached agreement for co-operation in international markets. Page 19

SGIC, Western Australian State Government Insurance Commission, is to sell its stake in Bell Group, which could trigger a hefty indemnity payment from debt-burdened Bond Corporation. Page 20

PEUGEOT, Europe's third largest car maker, won court ruling that 400 strikers end their 10-day occupation of a plant at the heart of a month-long pay dispute. Page 2

LEEDS Permanent, fifth largest UK building society, plans sweeping changes in commercial strategy with the closure of many of its branches. Its rival Halifax, largest UK building society, reported higher first half profits. Page 9

US Senate Finance Committee rejected any reduction in capital gains tax, forcing a Senate floor debate. Page 4

OSLO bourse plans to make itself more attractive to international shipping companies. Page 24

QINTEX Australia moved to allay investor fears about media impact its $1.5bn acquisition of MGM/UA Communications, the Hollywood film production group. Page 22

WORLD BANK and International Monetary Fund may provide extra financial support to developing countries following agreement to reform world farm trade in the Uruguay Round. Page 7

UK accountants Coopers & Lybrand and Deloitte, Haskins & Sells confirmed plans to merge UK practices to form Britain's largest professional services group.

COCOM, Co-ordinating Committee on Multilateral Export Controls, is to review efforts to streamline Western restrictions on high-technology exports to Communist countries. Page 7

EUROPEAN Commission vice-president Sir Leon Brittan urged Japanese businessmen to abandon their trade cartels. Page 7

NEW ZEALAND financial markets made light of collapse of DFC New Zealand, merchant bank in which Salomon Brothers, US investment bank, has a 20 per cent shareholding. Page 25

US Federal Reserve has asked for public comment on rule changes which would allow certain foreign debt and equity securities to be traded in same way as US securities. Page 26

AXA-MIDI, French insurance company attempting to buy Farmers Insurance as part of Sir James Goldsmith's break-up bid for BAT Industries, is to submit new filings to US insurance commissioners to clarify the financing of the proposed acquisition. Page 20

East Germans head West after day of uncertainty

By **Judy Dempsey** in Prague

MORE THAN 7,000 jubilant East Germans were last night heading out of Czechoslovakia towards the West German border after a long day of uncertainty over whether they would be allowed to leave at all.

Only late in the afternoon did the East German authorities finally provide the trains to take the refugees to the West.

Thousands of tired, but clearly delighted, young people filed into dozens of East German buses in Prague's old quarter in the early evening.

As each bus pulled up in front of the crowds of East Germans, hundreds of Czechoslovak citizens, some leaning out from windows, waved, shouted, appaluded and wished them good luck.

The queue to board the buses stretched through the old town up to the West Germany embassy on Vlasska street.

Since Sunday, more than 6,000 people had waited in the grounds of the embassy to travel to the West, while about 2,000 more waited outside on the square with exemplary patience.

As the week wore on, conditions in the beautiful baroque Lobkovic Palace, which houses the embassy, became critical.

The large garden, once the envy of other embassies, was turned into a muddy camping site. Rows of bunk beds filled the small courtyard and even the administrative offices were turned over to the parents of more than 1,500 children and infants.

For most of the day, contradictory explanations had circulated through Prague as to why the East German authorities did not provide the trains on Tuesday evening, following an announcement in Bonn that it had been agreed that the refugees could leave for the West.

The delay was first thought to reflect purely technical difficulties in mobilising the trains and the fact that the East Germans were reluctant to have the refugees visibly travelling through their territory in daylight on the "freedom trains."

But yesterday morning, a senior official from the Czechoslovak Trade ministry said the trains were unable to pass into Czechoslovakia "for political reasons."

East Germans, he said, were lying across the railway tracks in protest at their government's ban on travel to Czechoslovakia.

Howsver, it is also understood from officials in Prague that the Czechoslovak authorities, fearing an even greater increase in the number of refugees in the city, warned the East Germans that if they did not provide the trains quickly, Czechoslovakia would be forced to reopen its border with East Germany.

Officials added that despite the close relationship between two of the most conservative leaderships in Eastern Europe, Prague's relationship with East Berlin had become noticeably strained.

As the calvacade of Hungarian-made East German buses wound their way through ths rush hour to Prague's Liben railway station, West German and Czech officials conceded that the problem was far from over.

"Closing off the border with Czechoslovakia will not solve the problem. It will boil up the internal pressure in East Germany," said a Western diplomat closely involved in the refugee crisis. His remarks were echoed by his Czech colleagues.

No sooner had they said this, when unconfirmed reports from East Germany claimed that the East German police were preparing to seal off those railway stations where the trains will stop

Last Sunday night, when 5,500 refugees were allowed to leave Czechoslovakia, western officials travelling with them said several East Germans simply boarded the west bound trains as soon as they pulled into stations in East Germany.

It remains to be seen if the East German authorities will expel all 7,000 people.

In return for passage through East Germany, it was agreed between Mr Hans-Dietrich Genscher, the West German Foreign Minister, and his counteparts in East Berlin, that the young East Germans would, on the train, be given legitimate exit papers to leave for the West and then they would hand over their identity papers.

In the event, they received no such legal exit papers. They were simply expelled.

Editorial Comment, Page 16

Honecker's 'tougher line' likely

THE EAST GERMAN leadership is likely to revert to a tough, "law and order" regime after the refugee crisis, according to a prominent East German Protestant church official.

Mr Manfred Stolpe, the church's most senior lay official, said the party apparatus was leaning "very strongly" toward increased internal repression instead of reforms.

"Pragmatic policies with short-term results" would continue to prevail as long as Mr Erich Honecker, East Germany's 77-year-old leader, remained in power.

"It might be that Honecker will only remain in power for a few more weeks," Mr Stolpe said.

The East German leader had a gall bladder operation in August and in his first speech afterwards appeared frail. Page 3

UK concern over EC pilots plan

By **Tim Dickson** in Brussels and **Paul Betts** in London

A EUROPEAN Community plan which would require member states to recognise each others' airline pilot licences provoked concern in the UK Government last night.

Fears were being voiced in London that relatively high UK standards of air safety could be compromised by the proposal, designed as a important part of the EC's emerging air transport deregulation policy.

Transport Department officials in London said they had not seen the proposals and emphasised that they were open to negotiation. "But we would obviously have reservations about any lowering of the current high standards in the UK," the department said.

Mr Karel van Miert, the EC's Transport Commissioner, insisted that the European Commission's initiative – which also applies to air traffic control staff and maintenance engineers – "reconciles the objectives of the free circulation of workers and the highest safety standards in air transport."

At a press conference in Brussels he referred specifically to the recent spate of airline disasters and the way in which these put the "human factor" into perspective.

Under the Commission's proposal there would be a system of mutual recognition of valid qualifications in the member states, provided that at the minimum these conformed with conditions laid down in the latest edition of the Chicago Convention due to take effect next month.

A European Commission official said last night that the new directive, which has to be agreed by member states, would only require Britain to recognise licences issued by other Community countries.

Non-British pilots would still have to conform with Britain's so-called "validation" requirements, which fix the number of hours which have to be flown before a pilot can start work.

Britain's Civil Aviation Authority said it was already working with the European Civil Aviation Conference – of 23 member states – to devise common standards.

UK standards were more rigorous than those of many other countries, the CAA said. The CAA required a minimum of 700 hours of flying experience before granting a commercial pilot licence in the UK, it said.

In contrast, some countries issued licences with only 200 hours of flying experience although these licences carried some restrictions.

● AUSTRALIA'S airline pilots withdrew a 29 per cent pay claim at the heart of a dispute which has seriously disrupted domestic air services. The union is asking for an unspecified rise based on a 25 per cent rise increased in productivity. Page 18

● BOEING, US aircraft manufacturer, is trying to continue production using supervisory and non-striking workers after its 57,000 members of the machinists union began a strike. Page 18

IBM applies to join European semiconductor research project

By **Alan Cane** in Brussels

INTERNATIONAL Business Machines, the world's largest computer company, is anxious to join Western Europe's $4bn joint research project into semiconductor technology, Mr John Akers, chairman of the US-based group, said yesterday.

Confirming speculation that IBM had applied for membership of the Joint European Semiconductor Silicon (Jessi) project, Mr Akers said it was important for Europe to be independent in semiconductor technology.

His remarks are bound to stimulate further suggestions of link ups between members of the Jessi consortium and Sematech, the equivalent research body in the US.

Jessi, which was set up in response to the large-scale investment programmes in semiconductors in both the US and Japan, has attracted wide corporate and government backing.

The European Commission has recently agreed to contribute to the funding, alongside several national governments and most of the leading West European information technology companies.

Some European-based semiconductor companies have shown an interest in the past in joining Sematech on the grounds that they manufacture chips in North America.

These overtures have been rejected, leading to a reluctance to allow US membership of Jessi.

But many semiconductor companies in both Western Europe and the US can see advantages from greater co-operation to meet the powerful challenge from Japan.

IBM is the biggest semiconductor manufacturer in the world and has unrivalled technological strengths in certain aspects of semiconductor design.

This puts it in a key position in determining the future of research co-operation. Moreover its heavy investments in Western Europe give it greater credibility.

Giving a rare European press conference only a week after he warned Wall Street analysts that IBM's third quarter figures would be below analysts' expectations, Mr Akers said that IBM was negotiating with Jessi authorities for a role in the overall project.

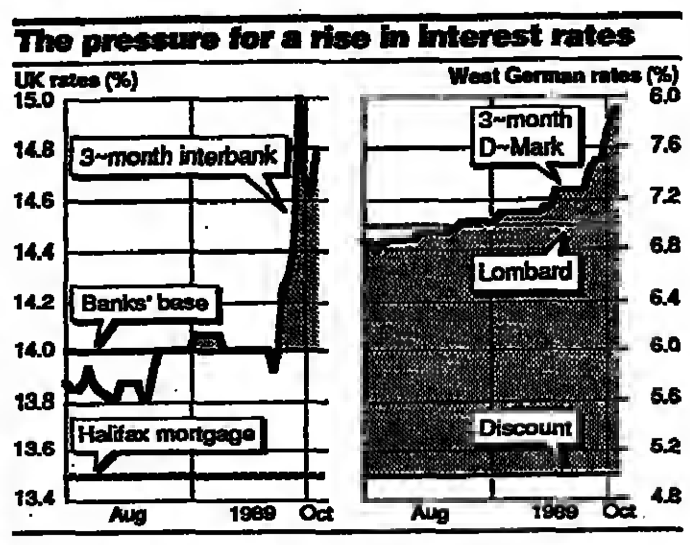
He was not able to say whether IBM's proposals had met with a favourable response.

Mr Akers was cautious in offering his views on IBM's current commercial performance, which has seen its growth slow to well below the industry average and its share price slump to around $105.

He attributed the third quarter problems to difficulties with a new high capacity memory system to a switch among customers from outright sales to leasing and to currency fluctuations.

He believed the measures IBM had implemented over the past three years would prove adequate to solve the problem.

The pressure for a rise in interest rates



Bank steps in to bolster £

By **Simon Holberton**, Economics Staff, in London

THE BANK of England intervened repeatedly and heavily in foreign exchange markets yesterday to bolster a flagging pound as the West German Bundesbank prepared the way for a rise in domestic rates today through its money market operations.

The Bank bought sterling for dollars and for European Currency Units throughout trading yesterday but its efforts were not enough to stop the pound ending at its lowest level against the D-Mark for 19 months.

The Bundesbank's Frankfurt directorate favours a rise in interest rates and a narrowing of the differential between its discount rate and its Lombard rate, currently 5 and 7 per cent, respectively.

The magnitude of the rate rises, however, will have to be decided by the Bundesbank's policy-making council when it meets this morning. However it is possible the Lombard rate will rise by 0.5 percentage points and the discount rate by a full point.

Yesterday, short-term West German interest rates rose to 7.5 per cent after the Bundesbank's morning money market operations.

Many Continental European countries are expected to follow suit to preserve the existing exchange rate parities within the European Monetary System. Austria and Switzerland may also join in.

A rise in European rates could provide Mr Nigel Lawson, the UK Chancellor of the Exchequer, with an excuse for raising the cost of borrowing in the UK. He could present it as part of a general upwards move in interest rates throughout Europe.

Interest rates in UK money markets ended yesterday at 14.75 per cent, well above the prevailing level of bank base rates at 14 per cent.

Analysts believe UK rates will have to rise by 1 point if the pound weakens significantly in reaction to the West German rate rise.

Last week the Bank was

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Economic Viewpoint, Lessons from Old Vienna, Page 16; Lex, Page 18; London stocks, Page 33; Currencies, Page 40

FT to print in Tokyo

By **Ian Rodger** in Tokyo and **Raymond Snoddy** in London

THE Financial Times is to be printed in Tokyo from June, 1990.

Viscount Blakenham, the FT chairman, making the announcement at a press conference in Tokyo yesterday, recalled that printing the FT in Europe, which began in 1978, had made it a European newspaper. "The decision to print in Japan establishes us as a global newspaper."

He said the move was a recognition of the growing importance of Tokyo as an international business and financial centre and the need for the FT to provide a better service to Japanese readers.

The Financial Times will be the first British newspaper to be printed in Japan, although both the Wall Street Journal and the International Herald Tribune have been printed there since 1987.

Circulation targets, at least to begin with, are modest. At the moment the FT sells about 1,500 copies a day in Japan.

Continued on Page 18

MARKETS

STERLING
New York lunchtime: $1.60205
London: $1.6045 (1.6055)
DM3.0125 (3.0275)
FFr10.22 (10.275)
SFr2.6105 (2.625)
Y226.25 (226.75)
£ index 90.9 (91.2)

GOLD
New York: Comex Dec $371.6 (371.4)
London: $366.25 (365.75)

N SEA OIL (Argus)
Brent 15-day Oct $18.80 (+0.05)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime: DM1.87935
FFr6.377
SFr1.6275
Y141.13
London: DM1.8775 (1.886)
FFr6.37 (6.40)
SFr1.627 (1.635)
Y141.05 (141.2)
$ index 69.9 (same)
Tokyo close: Y140.8

US LUNCHTIME RATES
Fed Funds 9%
3-mo Treasury Bills: yield: 8.025%
Long Bond: $99\frac{1}{2}$
yield: 8.169%

STOCK INDICES
FT-SE 100: 2,312.1 (−6.5)
FT Ordinary: 1,890.2 (−9.1)
FT-A All Share: 1,172.99 (−0.3%)
FT-A long gilt yield index high coupon: 9.77 (9.7)
New York lunchtime: DJ Ind. Av. 2,763.68 (+9.12)
Tokyo: Nikkei 35,392.8 (+16.43)

LONDON MONEY
3-mo interbank close: $14\frac{23}{32}$% ($14\frac{3}{16}$)

MARKET REPORTS: CURRENCIES, Page 40; BONDS, Pages 25, 26; COMMODITIES, Page 32; EQUITIES, Pages 33 (London), 44 (World)

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South Korea's politicians face testing time in Assembly

Members of Seoul's National Assembly face perhaps the most crucial parliamentary session in the country's recent history. President Roh Tae Woo (left) is determined to push through land and tax reform. Page 6

EUROPEAN NEWS

Bundesbank to raise interest rates in attempt to curb inflation

By David Marsh in Bonn

THE West German Bundesbank will today raise official interest rates to the *highest level for seven years* after sending a firm signal yesterday to financial markets of its wish to tighten credit.

The interest rate move, which will boost discount and Lombard rates by either ½ or 1 percentage point from their present levels of 5 and 7 per cent respectively, will be decided above all on domestic *counter-inflation grounds.*

An increase by a full percentage point looked increasingly likely yesterday after the Bundesbank, in its latest regular round of repurchase lending to banks, pushed up money market rates by around half a percentage point compared with a week ago.

One month interest rates rose to between 7.4 and 7.75 per cent at yesterday's securities repurchase tender, while two months rates increased to between 7.55 and 7.8 per cent.

Today's official rates increase, the latest in a series of upward steps over the past 15 months since discount rate was at 2.5 per cent in 1987/88, will take the interest structure to the highest since autumn 1982.

By *underpinning the D-Mark* on the foreign exchanges, the likely tightening action could usher in a round of interest rate increases around Europe. In particular, it could spark a politically painful increase in base rates in the UK.

The interest rate move has been extensively foreshadowed by statements from Mr Karl Otto Pöhl, the Bundesbank president, at the International Monetary Fund meeting in Washington last week. It backs up *international efforts to* restrain the dollar through heavy intervention last week.

Bundesbank concern about possible overheating of the West German economy has been kindled by a range of optimistic news on growth this year. Gross national product is now forecast to rise by more than 4 per cent, the best performance since the 1970s.

A further sign of economic buoyancy came yesterday with news of a further fall in unem*ployment to below 1.9m in Sep*tember – the lowest, on a seasonally adjusted basis, for seven years.

A total of 1.88m people were without work last month, down 59,000 compared with August, representing a fall of *219,000* – or *10.5 per cent* – over the past 12 months. According to the Federal Labour Office, unemployment fell to 7.3 per cent of the workforce from 7.5 per cent in August.

The Bundesbank has been at pains to point out that inflation – at present, close to 3 per cent – has been, if anything, less worrisome than expected this year as a result of sluggish energy and commodity prices.

However, the Bundesbank's *policy-making council* at its meeting today also wants to give a clear sign that it will ward off inflationary pressures. The Bundesbank is anxious about the extra stimulus given to the economy by a net DM25bn of tax cuts taking effect in the New Year.

It is also worried about the possibility of inflationary pay settlements resulting from a renegotiation of three year pay agreements in the key metal-workers' sector.

Japan-EC microchip agreement hits snag

By Lucy Kellaway in Brussels

THE CONTROVERSIAL anti-dumping deal on semiconductors agreed in *principle between Japan and* the European Community in August has hit a procedural snag.

Several member states, including Ireland, failed to provide the necessary unanimous support for the arrangement at an anti-dumping committee meeting held this week.

Dissenting members have asked for more information on the complex effects of the deal, which they fear could force up *the cost of semiconductors* unduly and impose an unacceptably high cost to equipment manufacturers and consumers.

The arrangement, which would provide a floor price for dynamic random access memory chips, has been passed on to the Council of Ministers, where it is likely to be accepted on a qualified majority vote at a meeting later this month.

Eleven chip makers in Japan have already signed the agreement, which would put an end to a long-running dumping war.

It would provide a single price for all manufacturers and would cover the 256k and 1 megabit chips, as well as the new 4 and 16 *megabit* chips.

The UK had technical objections to the deal which have recently been resolved with the firm provision that the terms of the agreement will be reviewed when the US/Japanese semiconductor accord expires at the end of 1991.

D-Ram dumping, Page 25

Brussels confronts EC members over indirect taxes

By David Buchan in Brussels

THE European Commission yesterday decided on confrontation, rather than concession, in the increasingly tense battle with EC governments over how to levy indirect taxes in a frontier-free Community.

In the face of a plan drawn up by finance ministry officials of the Twelve to stick to their present practice of taking value added tax off exports and reimposing it on imports – even after 1992 – Mrs Christiane Scrivener, the EC tax commissioner, horrified many of her Brussels colleagues by proposing that the current system stay until the end of 1995.

She was overruled by the rest of the 17-person Commission, who argued that Brussels should not give any ground on the 1992 deadline for the removal of all intra-EC border checks, including fiscal controls. The Commission decided that Mrs Scrivener should confront EC finance ministers at their meeting next Monday and *asked how they intend to deal* with the possibility of increased tax fraud and bureaucratic red tape, which *Brussels feels will be the result* of the governments' preferred solution.

The new clash does not centre on Brussels' plan to harmonise the Twelve's widely differing VAT and excise rates – though that is still in strong contention – but on the Commission proposal for VAT to be levied among states just as it is within an individual country. This would involve levying it at every stage of production across the Community. By this means the Commission aims to do away with the chief fiscal rationale of border controls, which is to check that zero-rated exports do not fraudulently re-enter the home market.

The particular objection of all countries, bar West Germany, is to the Commission's further plan to reapportion *VAT receipts* so that the cash remains, as at present, in the coffers of the country of sale. Instead, the report by *officials* of the Twelve opts to *replace* controls at borders with controls at both the point of export and import

In the eyes of some of her colleagues, Mrs Scrivener runs the risk of proving too flexible to EC governments' demands, just as her predecessor in charge of tax, Lord Cockfield, was accused of being too rigid.

Strikers ordered to end Peugeot sit-in

By William Dawkins in Paris

THE TEMPERATURE of the month-long pay dispute at Peugeot, Europe's third largest car maker, rose again yesterday as a French court gave 400 strikers 12 hours to end their 10-day occupation of the plant at the heart of the conflict.

The forge at Mulhouse, north-eastern France, makes gearbox and engine parts for use in Peugeot's own plant and for export to West Germany. The strikers were given until 4.30am today to leave or face police eviction.

They are the hard core among the *estimated* 1,000 to 2,000 workers who have been either on strike or making some form of protest in the month-long dispute, the worst in Peugeot's history.

They have halved the output of the Mulhouse and nearby Sochaux assembly lines, Peugeot's biggest, which together *employ* 35,000 people. They account for just over 70 per cent of Peugeot's normal French output of 4,300 vehicles a day. *That implies Peugeot's* French plants are now running at just under 65 per cent of the production levels they were achieving at the end of June.

Peugeot had asked the tribunal to order the strikers to leave the forge on the grounds that they were illegally invading private property and denying their non-striking colleagues the right to work.

In its first *practical* intervention in the row, the Paris Government yesterday announced *plans* to *appoint a conciliator*, which was greeted by Peugeot with a refusal to comment. His job would be to "bring together points of view and do everything to help a real negotiated solution to prevail," said Mr Jean-Pierre Soisson, Minister of Labour.

Mr Jacques Calvet, Peugeot's chairman, had offered to open talks earlier this week, on condition that strikers left the Mulhouse forge. However, the strikers voted yesterday by 434 to 286 to continue the occupation.

Meanwhile, a minority of workers at four Renault plants *across France staged two-hour* stoppages yesterday in pursuit of a separate wage claim.

Perestroika 'likely to extend over 10-15 years'

By Martin Wolf

"PERESTROIKA has turned out to be a more difficult and attenuated process than was expected by the population at the beginning." So writes Mr Oleg Bogomolov, director of the Institute for World Socialist Economies of the Academy of Science and a close adviser to President Gorbachev, in his comments on a pamphlet on perestroika published today by The Group of Thirty.

The whole process will take 10-15 years, he argues, "and will be accompanied by an acute debate, reflecting conflicts between the old and new modes of action."

Dr Bogomolov agrees with the authors, John P Hardt and Sheila N Heslin, respectively associate director for research co-ordination and senior research assistant in Soviet economics at the Congressional Research Service, that "'tangible economic benefits have been minimal'. Indeed, in 1988 the situation on the consumer market noticeably deteriorated."

Yet Dr Bogomolov is convinced the "process of change is progressing, becoming stronger". He also perceives the process of renewal, described by the authors as "a return to the proper Leninist course", much more broadly as a process that "erases many demarcation lines between socialism and capitalism". But authors and discussant do agree that "Gorbachev's course seems to be based on a reasonable assessment of the need for change and a sensible strategy for implementing perestroika."

Among many obstacles to reform noted by the authors and Dr Bogomolov, the latter notes that "up to now, unfortunately, co-operatives have given an additional impetus to inflation and corruption and enhanced an unearned differentiation in incomes. Under the pressure of public opinion, efforts are being made to restrict and, in some cases, even prohibit co-operative activity." The Soviet Union wishes to participate far more fully in the international economy, adds Dr Bogomolov, but finds it difficult to do so.

John P Hardt and Sheila N Heslin, Perestroika: a Sustainable Process for Change, with commentary by Oleg Bogomolov, Group of Thirty, 277 Park Avenue, NY, NY 10172 and 22 St Mary at Hill, London EC3P 3AJ, $15 or £10.

International Bar Association conference

Nations urged to join ranks in war against computer crime

By Raymond Hughes in Strasbourg

INTERNATIONAL co-operation was essential to tackle the *growing menace of* computer crime, the conference was told yesterday. Sheriff Gordon Nicholson QC, a *Scottish judge and member of* the Scottish Law Commission, said such co-operation could confer benefits going far beyond the near control and regulation of trans-border computer-assisted crime.

"In an era of expanding international trade and commerce, increasingly conducted by electronic means, it can help to increase security awareness and to prevent the creation, or even the perpetuation, of laws which, by creating *'data havens' or 'computer* crime havens', lead to the erection of national barriers restricting the free flow of *information.*"

It might also help prevent a situation where, to avoid data protection laws, companies put their data banks in countries where such laws were at present unknown.

"By promoting harmonisation of laws international co-operation may bring about a *situation* where those engaged in international trade and commerce can conduct their business with a reasonable degree of confidence that their computer operations will be accorded a similar degree of legal recognition and protection wherever they are carried on," Sheriff Nicholson suggested.

It had to be recognised, he said, that there were limits to the extent to which criminal laws – at least at a purely *national level* – *could be* wholly effective. The mere existence of criminal offences was unlikely to have more than a minimal impact on the incidence of computer-assisted crime. It was even possible that the criminalising of an activity which had not previously been illegal might simply *ensure that perpetrators would* take greater care to cover their tracks.

The second limiting factor was the problem of proof: a computer-assisted fraud might leave no visible evidence; the perpetrator might be thousands of miles from the scene of the crime when it was committed.

This meant that potential victims would have to take care to guard their property and protect their interests, *Sheriff Nicholson said.*

The cross-border nature of much computer crime meant that national rules of legal *jurisdiction might* have to be revised, he said. One solution would be to provide for the courts of a particular country to have jurisdiction to try a case if either end of the illicit activity had been in that country.

US fears linger over 'Fortress Europe'

By Robert Rice, Legal Correspondent, in Strasbourg

A STUDY by the US International Trade Commission of the effect of the European Single Market on the US economy has failed to dispel American fears of a "Fortress Europe" after 1992.

Mr Charles Ervin, head of the USITC, told the conference yesterday that although market integration in Europe might be a good idea it was not *possible to be sure about the* effect on US exports.

The Community as a unit accounted for approximately 24 *per cent of US exports. This* trade was very important to the US, especially as it had to increase its exports in the long run, *he said. Access to the EC* public sector market was vital to several US industries. Public sector purchases accounted for 90 per cent of US telecommunications equipment sales and up to a third of sales by computer and office machine manufacturers.

Overall government procurement constituted approxi*mately 15 per cent of the Com*munity's gross *domestic* product, compared with about 5 per cent in the US.

The possibility of opening up government procurement to the US, to the General Agreement on Tariffs and Trade, and even to internal competition was "good news". The EC had said repeatedly that this subject was open to multilateral negotiation on a reciprocal basis. But it had also added a local content standard, which was bad news for the US.

Reciprocity provisions relating to financial services were also causing some concern. US companies are worried about whether the adoption and implementation of the single market legislation may directly or indirectly have the effect of restricting existing or future business activity.

The banking and securities *industries* feared they might be restricted from offering all the services that the European *credit institutions offered,* depending on which definition of "reciprocity" was applied.

There was also concern over *the standards applied* to more than 300 EC initiatives. Standards were not generally regarded as trade barriers, but *barriers to trade* could be created by the divergence of standards and regulations and the means employed to ensure conformity with them. Standards could be set unreasonably high, or at a very detailed level.

There were concerns relating to the expected standards in 13 areas from broadcasting activities to growth-promoting *substances* in meat, he said.

EC mergers and acquisitions policy had created fears that *the European Commission* would use anti-trust enforcement as a way to pursue industrial policy. For example, when evaluating a merger, it might look not only at what effect the merger would have on the market structure in *the form of* market share, price power and barriers to entry, but also at what role the companies concerned played in local or European employment, regional development and integration.

Residual quantitative restrictions might also become EC-wide questions and might affect future US manufactured exports, especially in cars, textiles, clothes and steel, the very categories prominent to US import concern, he said.

Dual action to stop 'hacking' proposed

By Raymond Hughes

A DUAL *approach to the* problem of computer "hacking" was proposed yesterday by a senior lawyer at the *Serious Fraud Office.*

Mr Mark Tantam *told* the conference that the law, the police and the courts needed to *distinguish between* amateur hackers who simply accessed computer systems and people whose aim was to steal or to damage the system.

Mr Tantam was critical of a suggestion by the UK Law Commission, which is due to publish next week its report on computer crime, that simple hacking should be an offence in respect of which the police would not have the power to arrest the offender or search his premises.

Without those powers, he said, hacking would be almost impossible to prove, short of a confession by the culprit.

Countries that already had computer crime laws seemed to have recognised the need to give the police full investigative powers as well as treating simple hacking as a relatively serious offence.

*Mr Tantam said that as com*puters came to dominate the world of commerce, so organisations would tend to put all their *trust in them* – which would make those organisations vulnerable to an attack on their new technology.

The result of the European Single Market in 1992 and the advent of the paperless society with the *introduction of elec*tronic data interchange could only increase computer crime, he said. That would put increasing pressure on the law enforcement agencies in all European Community states to mount an effective response.

EUROPEAN NEWS

Fallacy of a Marshall Plan for Eastern Europe

The lack of democracy and market forces in the Soviet bloc makes a re-run of 1948 a non-starter

WITH EVERY day that passes, it gets harder to avoid the feeling that events in the Soviet Union and Eastern Europe may be approaching some sort of crisis.

At this stage, it does not look like a brick-wall kind of crisis, entailing a terminal pile-up. But there is little question that a disturbing number of recent tell-tales, both inside the Soviet Union and in relations between East and West, have been pointing ominously downwards.

Much has been made of the "snub" administered to Mr Mikhail Gorbachev this week, when the Soviet Parliament scaled back his plan for a 15-month ban on all strikes.

What is more significant, however, is that there is now a ban in key industrial sectors, and that the Government has been authorised to use troops to re-open communications in and through Azerbaijan.

This outcome is a dramatic index of the problems facing perestroika, if any doubt remained. No-one should be surprised if Moscow were progressively to respond to disturbances and anomie, with historic Soviet (and Russian) reflexes of authoritarian discipline.

More spectacular and more telling is the mass exodus of East Germans. But the joy of those who have escaped to the West, needs to be set against the background of an insoluble dilemma for both of tha German states, and pressing indications that Moscow regards the issue as a serious threat to the geostrategic stability of central Europe.

The dilemma is insoluble, because East Germany can only staunch the flood by political reform; but reform would remove East Germany's sole raison d'etre. Mr Hans-Dietrich Genscher, the West German Foreign Minister, may have seemed to promise that last weekend's contingent would be the last; but if so, it was not a promise he could possibly keep.

Soviet anxiety is more worrying. In the UN last week, Mr Eduard Shevardnadze, the country'e Foreign Minister, delivered a fierce attack on West Germany for making trouble in Europe.

The attack was coded in old-fashioned allusions to revanchism and fascism; but the tone was new and disturbing. This week, Pravda cama right out and accused Bonn of threatening the stability of central Europe.

To these disturbing blips on the screen, an increasingly common reaction in the West is to argue that we should urgently mobilise a collective plan to sustain the process of economic and political reform.

The model most frequently invoked is the Marshall Plan, by which the United States helped Western Europe recover from the economic destruction of the Second World War.

The problem with the prescription is that Eastern Europe's circumstances are so different from those of Western Europe in 1948, that a re-run of the Marshall Plan simply could not begin to work. Moreover, if perestroika is going seriously wrong, and if it backfires to produce the danger of instability, benevolence by itself will be an entirely inadequate Western policy.

The implication of progressive failure of perestroika would not be a neutral absence of reform, but a state of widespread disturbance, which could prove dangerous. If there is an urgent need for the West to muster what help it can, to assist the process of reform where feasible, there is an equally

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ON EUROPE

urgent need to be politically prepared to face the repercussions of failure and instability.

In the Marshall Plan, which lasted 45 months from April 1948 to December 1951, the US allocated $12.4bn to the European Recovery Programme. In 1948, the recipient countries in Western Europe were established democracies, which made it possible to secure popular consent for transitional difficulties; they already had economic systems based mainly on market forces; and through multilateral negotiations, they were able to settle between themselves, and treat with the Americans, how the aid should be allocated.

These are not the circumstances of the countries of Eastern Europe today. Most of them have no democratic record, and democracy is not something you invent overnight. The same goes for market forces. But without market forces, Western aid would be wasted once again; and without democracy, the transitiou from command economy to market forces will be either very bumpy or impossible.

Finally, a latter-day Marshall Plan would have to be targeted on one country, like Poland, because the Comecon countries are all at sixes and sevens, thus forfeiting any multiplier effect.

These discrepancies are almost bound to ensure that any Western aid package will be much more limited, in quality as well as in quantity, than the original Marshall Plan.

For one thing, it is already clear that no Western government or even group of governments will consider matching the post-war US effort, which amounted to well over 2 per cent of gross national product in 1948.

During this summer, the US Administration shamefacedly doubled its earlier offer of $50m in food aid to Poland; and this week, European Community governments approved $325m in aid to Poland.

Yet according to former French President Valéry Giscard d'Estaing, Poland's needs in urgent food aid alone over the next year will amount to $1bn or $1.2bn. But the broader measure of Poland's financial need is its $40bn debt. This costs $4bn a year to service, while Lech Walesa has asked for $10bn over three years.

Moreover, it is hard to see how a conditional Western aid package could be negotiated, even with a Warsaw Government of goodwill, without plunging into the quagmira of Poland's domestic political dilemmas.

Mr Giscard d'Estaing has proposed the creation of a Euro-Polish bank to help finance essential imports. Bnt the main obstacle to Western aid is systemic. Poland needs a far more profound transformation of its politico-economic system than was ever required under the Marshall Plan; and the West is not well placed to know how far or how fast the Poles can really be expected to go.

Where East Germany is concerned, Western perplexity is even greater, since the feed-back between East and West Germany risks setting up vibrations which could become increasingly perilous.

Moreover, the West is being tugged in contradictory directions: instinct welcomes the exodus and the discomfiture of the hard-liners in East Berlin, while reason shies away from any threat to the geo-strategic order stabilised in the Helsinki Agreement.

There can be no easy way to reconcile these contradictory impulses. By its record and its values, Western Europe exerts a vast existential influence.

But in operative terms, it is not so far proving very impressive in developing either an economic or a political strategy, in the face of the complex rush of events in the Soviet Union and Eastern Europe. But in any event, let us hear no more talk of Marshall Plans.

Tougher line likely in East Germany

By **Leslie Colitt** in Berlin

THE East German leadership is likely to revert to a tough, "law and order" regime as a result of the refugee crisis, according to a prominent East German Protestant church official.

Mr Manfred Stolpe, the church's most senior lay official, said the party apparatus was leaning "very strongly" toward increased internal repression instead of reforms.

"Pragmatic policies with short-term results" would continue to prevail as long as Mr Erich Houecker, East Germany's 77-year-old leader, remained in power.

Mr Honecker took the decision to let thousands of East Germans in the West German embassy in Prague out to the West this week. At the same time the politburo clamped down on the main escape route by ending visa-free travel to Czechoslovakia.

"It might be thet Honecker will only remain in power for a few more weeks," Mr Stolpe said. The East German leader had a gall bladder operation in August and in his first speech afterwards appeared frail.

Mr Stolpe, who has frequent contacts with the leadership, said he feared that if Mr Honecker stepped down, the politburo would not choose a reform-minded successor. Instead, his successor would probably adopt a hardline policy of "making the Wall higher" and intimidating opposition groups as well as the population at large.

The outcome of repression would not be a revolution or mass strikes but instead a "growing desire" for reunification. Eventually, Mr Stolpe predicted, a period of tough rule would be followed by reforms. They would have to begin with an open dialogue in order to establish trust.

The church was one of the losers in the mass exodus of citizens to the West, he noted. It had been unable to explain to people that they had a responsibility for others and that everyone who fled left behind a gap.

Most of the young people who left came from vast new housing estates in the major cities.

But Mr Stolpe suggested that the authorities could tap a reservoir of affection for the East German Heimat (native country).

"I just came from a church charity meeting in a small town near West Germany and of the 500 people attending no-one wanted to leave," he remarked.

Refugees face up to the harsh realities

By **David Goodhart** in Bonn

AFTER THE thrill of vaulting into the West, thousands of East Germans – mostly young and in some cases alone – have to face the difficulty of starting a new life in a half-foreign country.

Very few East German refugees over the past 20 years have regretted becoming West Germans, but few have found it a painless transition: access to West German TV programmes had not taught them much about their new home.

Except for dissenting voices in the Federal Labour Office, the West German economic establishment expects the latest newcomers to have few problems finding jobs – partly because there are shortages of skilled workers. It is believed they will act as a useful long-term economic stimulus.

Social workers and social scientists are not so sanguine about their integration.

A study by two sociologists, Volker Ronge and Kristina Pratsch – who followed 30 East German families who arrived in the Wuppertal area in 1984 – found that they picked up jobs more easily than friends.

The study discovered that the refugees were usually ambitious and energetic and attracted the envy or irritation of compatriots by saving and working so hard. Spending priorities were foreign holidays and new cars and so they spent little in pubs or restaurants, where they might have met more people. They missed the intensity of personal relations in East Germany and found it hard to adapt to a culture where work and friendship are more divided. They often found West Germans at work cold and unfriendly.

The Wuppertal group were partly protected from loneliness by bringing their families with them. Many nonetheless falt the wrench of cutting themselves off from their social network in East Germany.

According to Kristina Pratsch, women feel this wrench more than men. Women also face a more difficult time in the job market and unlike most men do not find jobs at an equivalent qualification level. This may be one reason for a disproportionate number of marriage break-ups amongst refugees.

The current wave of younger refugees may have slightly different problems, according to Kristina Pratsch. Their youth, and in many cases lack of family ties, should make social integration easier.

The current excitement about refugees may have made them, at least temporarily, more popular among West Germans. A poll published yesterday said 51 per cent of West Germans positively welcome them, with 18 per cent hostile and 31 per cent undecided.

However, many of the current refugees have come on a whim and are relatively unprepared. By contrast the Wuppertal group, who all applied legally, had to wait five years, during which they suffered discrimination, making eventual escape more attractive.

The new refugees' lack of ties may make loneliness a bigger problem, especially if their new compatriots forget the emotional TV pictures and think of the East Germans as competitors for flats and jobs – especially in West Berlin, where many newcomers are likely to settle.

West looks more closely at investment in Poland

By **Peter Montagnon**, World Trade Editor

WESTERN INTEREST in investing in Poland has grown noticeablysince the liberalisation of its foreign investment law in January this year, Mr Zdzislaw Skakuj, president of the country's Foreign Investment Agency, said in London yesterday.

He said he had granted 500 individual investment authorisations, about half of them from West Germany, in the first nine months of this year. This compared with 52 joint venture registrations in the previous two and a half years.

However, the volume of investment inflow that could be expected from the new registrations remained relatively modest at $110m or an average of only $220,000 for each venture, he said. The companies concerned were also bringing in loan capital amounting to a further $180m.

The more liberal foreign investment rules introduced by Poland at the start of the year allow, among other things for, 100 per cent foreign ownership of new ventures in Poland and preferential tax treatment, but potential foreign investors have said they remain coucerned abont access to raw materials and their ability to remit any profits earned by their venture.

Mr Skakuj, who was in London to drum up flagging UK interest in Polish investment, said additional investment opportunities would be created as Poland proceeded with its already announced plans to privatise state enterprises.

The Government would adopt a liberal approach to foreign investment which would be allowed even in sectors some countries reserve for their own nationals.

However, one area where the new Solidarity-led Government was still cautious was in permitting the use of debt-equity swaps to finance direct investment. Mr Skakuj said Poland was not rigidly opposed to such swaps, but it was concerned about the expansionary effect on the money supply of a large-scale swap programme at a time of high inflation.

The Government also wanted to avoid permitting private sector swaps which would raise the discount on its foreign debt and spoil its own potential profits from any debt buy-back programme it might want to institutute.

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Capital gains cut proposal goes to the Senate floor

By Peter Riddell, US Editor, in Washington

THE future of the proposed cut in US capital gains tax will now be decided on the floor of the Senate after its finance committee decided early yesterday morning, on the casting vote of its chairman, to reject any reduction.

Instead, the committee agreed a package of minor revenue changes to raise a total of \$5.4bn in the fiscal year which started last weekend. In addition, the senators backed a Democratic plan to extended tax concessions on savings via individual retirement accounts and to rein back the cost of Medicare by \$3.6bo through limiting payments to doctors.

Senator Bentsen maintained that his proposals were fairer to middle class Americans

The House of Representatives last week approved a temporary cut in capital gains tax until the end of 1991 from the curreot top range of 28-33 per ceot to a maximum of 19.6 per cent.

However, after consultation with the administration, Senate Republicans proposed a permanent change with a sliding scale for taxing profits, starting at 26.6 per cent and falling to 19.6 per cent after six years.

This proposal, coupled with a limited concession on individual retirement accounts, attracted the support of one Democrat, so there was a tied 10–10 vote broken by Senator Lloyd Bentsen, the Democratic chairman.

Senator Bob Dole, the Republican minority leader, immediately promised "we're going to bave a tie and a play-off on the Senate floor".

The issue, which has become of great political importance between and within the parties, will not be fully resolved until the Senate and House versions are reconciled in a joint conference later this month.

Mr Bentsen maintained that his proposal for a 50 per cent tax deduction on contributions to individual retirement accounts up to \$2,000 annually, and penalty-free withdrawals for purchases of a first home and spending on higher education, were fairer to a broad group of middle-class Americans than lower capital gains taxes that favoured wealthy investors.

Among the revenue proposals in the package agreed by the committee are:

- Making permanent the 3 per cent excise tax on long-distance telephone calls, due to expire at the end of this year.
- Repealing a planned reduction in airport excise taxes.
- Preventing companies that have made leveraged buyouts from getting federal tax refunds resulting from losses caused by interest payments on debt issued to finance the buyouts.
- Curbing junk, or high-interest, bonds by ending tax benefits for securities such as zero-conpon bonds that postpone cash interest payments.
- Speeding the collection of payroll taxes from large companies.
- Restricting the ability of property developers to escape taxes by swapping one piece of property for another instead of selling for cash.
- Imposing a tax on ozone-depleting chemicals such as those used in air conditioners and in Styrofoam.

Caribbean grows weary of bitter economic medicine

Reorienting small, stricken economies through drastic measures can have a high political cost. In the first of a four-part series, Canute James looks at the search for alternatives

SEVERAL Caribbean countries, hit by weak markets for their commodity exports, have been forced to take sometimes drastic measures to stabilise their economies. But for many, the medicine has been bitter and the corrective measures have carried a political cost for some governments.

There is in the region a debate over the best ways to adjust the structure of weak economies, and over whether there is any viable alternative to the current structural adjustment formula. Adjustment programmes, based on credit agreements with the International Monetary Fund, have been implemented in Jamaica, Trinidad and Tobago and Guyana, all among the region's more troubled economies.

In all three, however, the governments have had to contend with widespread public disaffection with the austerity measures and other changes in policies which are intended to deal with lop-sided economies. It is widely held that the defeat of Jamaica's conservative Labour Party in last February's election had much to do with the social cost of the structural adjustment programme implemented by Mr Edward Seaga, the former prime minister.

The popularity of Mr A N R Robinson, the Prime Minister of Trinidad and Tobago, has fallen since the start of the country's structural adjustment programme, while the government in Guyana has had to weather strikes in key economic sectors immediately after announcing details of its programme.

The changes were implemented when it was clear that economies could not continue on their narrow bases, where tronble for one sector threatened collapse of the economy.

Weak demand for bauxite in the early 1980s, combined with increased oil prices, unravelled Jamaica's economy. It was the subsequent fall in oil prices which damaged Trinidad and Tobago's petroleum-based economy, while Guyana, whose economy is also based on commodities, found it difficult to pull itself out of almost a decade of stagnation.

The countries faced increasing problems in financing their imports as their balance of payments deficits widened, and they could not expand exports because they were not competitive.

Currency devaluations to increase competitiveness dampened consumption of imports, which became more expensive. In these small, open economies which have to import, prices rose, increasing the unpopularity of the measures.

The adjustment programmes also attempted to deal with imbalances in the fiscal accounts by bringing government spending in line with revenues.

Targets set for the reduction of the fiscal deficit – usually to single digits as a percentage

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structural adjustment

of gross domestic product – involve cuts in government spending in economies in which the government is a major employer.

The attempt to trim public expenditure has seen the sacking of government employees and the ending of budgetary support for state enterprises which are offered for divestment. There has also been – particularly in Jamaica – less money spent on social services such as public health and education, while the cost of private services has increased.

All these changes are programmed in periods agreed with the IMF, and this is one aspect, regional leaders argue, which has made structural adjustment painful for the region's economies. Mr Seaga has repeatedly claimed that structural adjustment can work, but that the programme has to be extended beyond three years, perhaps to seven years. This, he suggested, would give a country enough time to address imbalances in the economy and then to deal with restructuring the social services.

But the inevitable dislocation caused by the structural adjustment programmes, and the political cost suffered by some governments, has fuelled thoughts about possible alternatives for the small embattled economies.

"There are no alternatives to structural adjustment for countries in this part of the world," says Mr Delroy Lindsay, executive director of the Private Sector Organisation of Jamaica. "One can reduce consumption to match production. This involves reducing imports, which in turn reduces the standard of living. Or one can try to stimulate economic production to match consumption, while using financial measures to make consumption expensive."

One alternative could be continued and increased foreign borrowing, hut this clearly, carries the danger of growing difficulty in servicing the debt while foreign earnings are falling. In the case of Guyana this difficulty lead to an accumulation of arrears which led creditors to refuse new money until the structural adjustment programme was implemented.

"We are faced with en economy in disequilibrium," said Mr Carl Greenidge, Guyana's Finance Minister, when asked about possible alternatives. "We need to increase domestic output and foreign earnings. There is no alternative."

Yet economists in the region say there are ways of making structural adjustment less painful while achieving the objectives. They point to the currency devaluations in Jamaica and Guyana, both of 78 per cent. But Jamaica's was spread over three years while Guyana's was overnight.

"Caribbean governments have been making efforts to become more competitive and have been undertaking structural adjustment programmes with that objective, among others, in mind," said Mr Neville Nicholls, president of the Caribbean Development Bank. "There is evidence of serious efforts towards the improvement of economic, monetary and fiscal management. A review of national budgets reveals many measures dedicated to encouraging investments and promoting efficient use of resources."

Mr Nicholls argued that exchange rates have to be realistic and "chronic accumulation of deficits has to be arrested, whether it be on the current or capital account, or both."

George Bush meets Soviet Defence Minister Dmitri Yazov (centre) at the White House yesterday

Colombian judges back extradition procedure

By Sarita Kendall in Bogota

COLOMBIA's Supreme Court judges have approved the extradition procedure introduced by the Government in its anti-drug package on August 18.

The court has also ratified most other measures for fighting traffickers, but ruled that the confiscation of properties without due legal process was unconstitutional.

It is not clear whether the authorities will have to give back ranches, offices and houses taken over in the last seven weeks. Ordinary court procedure, with the burden on the state to prove trafficking connections, must now be followed.

A debate on whether the Supreme Court ruling is retroactive has already added to the legal confusion. The Government may issue a new emergency decree to get round the confiscation problem.

The Supreme Court's decision on extradition is a surprise to many, and could cause an escalation in the bombing campaign.

Two "extraditables" are currently being held in Bogota – Ana Helena Rodriguez, who will probably be sent to the US for trial in the next few days, and Evaristo Porras, the most important figure captured so far.

Dominican Republic general strike call

Sporadic street protests against an increase in petrol prices continued in the Dominican Republic yesterday, with some political parties and trade unions calling for a general strike, Canute James reports from Kingston.

The protests follow a government announcement at the weekend of a 67 per cent increase in gasoline prices. The government said the new prices were due to higher production costs.

Peru seeks IMF payment cut

Peru has asked the International Monetary Fund to reduce the size of a token payment it seeks from the country as a first step to patching up relations strained by arrears owed to the international agency, Reuter reports from Lima.

Economy Minister Cesar Vasquez Bazan said the IMF had sought a token payment from Peru of special drawing rights equivalent to \$37m. He said the cabinet would consider an IMF proposal to send a technical mission to Peru later this month.

Gorbachev message for Ortega

Soviet Foreign Minister Eduard Shevardnadze was to meet Nicaraguan President Daniel Ortega yesterday, hut an official report said they would not discuss Soviet aid to the leftist government, AP reports from Managua.

Mr Shevardnadze arrived on Tuesday for the 24-hour visit, saying he brought a message for Mr Ortega from President Mikhail Gorbachev and the Soviet leadership.

He did not immediately disclose its contents, but he is expected to discuss Nicaragua's general elections, set for February 25.

Canada plans to slash rail network by more than half

By Our Foreign Staff

THE Canadian government plans to cut the size of the country's passenger rail network by 51 per cent, Mr Benoit Bouchard, the Transport Minister, said yesterday.

The long-awaited cuts will involve a 38 per cent reduction in the workforce of Via Rail Canada, the government-owned company which operates the passenger rail system, Mr Bouchard said.

Via was formed from the passenger transport sections of Canadian Pacific and Canadian National, the country's two main rail networks.

Mr Bouchard said the government intends to cut its subsidy to Via in half, saving Canadian taxpayers C\$1bn (£529.8m) over the next five years. The cuts will take effect from January 15.

Fares are to be increased to "market levels," Mr Bouchard said. The workforce reduction will total 2,761. The restructured network is expected to carry at least 60 per cent of 1988 passenger totals, or about 4m.

The federal government said it was prepared to turn over to a provincial government or others the operation of a rail passenger service. This applies to the current network of services as well as the new network.

Before the announcement, there had been considerable speculation that one of the networks more popular tourist services – from Calgary via Banff to Vancouver across the Rocy Mountains – would be privatised, or given over to provincial operation.

Another service, the Transcanada, which links Montreal with Vancouver and runs across nearly the breadth of Canada, now seems certain to be closed. Passenger rail services to be discontinued include several in the Maritime provinces, Quebec and Ontario. In 1988, federal expenditures for Via's rail passenger services totaled C\$641m.

US considers tough line on Pretoria sanctions

By Peter Riddell, US Editor in Washington

THE BUSH Administration is seeking to put off Congressional pressure for additional sanctions against South Africa, though warning that these may have to be reconsidered next summer unless the Pretoria Government takes specific steps to dismantle apartheid.

Both in its annual report on South Africa and in evidence to Congress, the Bush Administration has adopted a tougher line against Pretoria than was taken during the Reagan era. This in part reflects the desire of Mr James Baker, the Secretary of State, to agree a bipartisan approach, avoiding earlier confrontations.

Mr Herman Cohen, the assistant secretary for African Affairs, has this week told the Senate Foreign Relations Committee that, while he opposes further sanctions now, "sanctions have played a role in stimulating new thinking within the white power structure."

He added that, "It is now increasingly clear to that government (Pretoria) that the well being of the white minority cannot be sustained without a negotiated political settlement that results in political equality for all South Africans."

The State Department report, required under the 1986 sanctions legislation, in effect argues for the de Klerk Government to be given time to prove itself. It says that, "further sanctions are not needed at this time and would be counterproductive in view of steps being taken within South Africa and the region to bring about change by peaceful means."

Mr Cohen said the administration was committed to the effective enforcement of existing sanctions "in the hope and expectation that positive signs of a commitment to change will appear in the near future. For the first time in years it is possible to be somewhat hopeful that a negotiation scenario may be just beyond the horizon."

However, Mr Cohen combined this plea for a deferral of consideration of new sanctions with a statement that Washington was looking for definite and early signs of an easing of apartheid, such as releasing political prisoners, ending the exclusion of blacks from political life, lifting the state of emergency decree and repealing the Group Area Act, which bans nonwhites from living in white areas. Such steps were, he said, an "absolute prerequisite for normal political life in South Africa."

He warned that if after the next South African parliamentary session, beginning in February and ending next June, "there is very little to show for it," then the Administraion would consult with Congress and its European allies and Japan about what further measures might be appropriate.

Mr Cohen's remarks represent a significant shift of tone from those of the Reagan Administration and were welcomed by Senator Paul Simon, the Democratic chairman of the Foreign Relations sub-committee on Africa. "I cannot imagine your predecessor making that statement," he said to Mr Cohen.

However, Senator Edward Kennedy, a prominent Democratic supporter of comprehensive sanctions accused the Administration of failing to show leadership on the issue. He and other Democrats are unwilling to give the de Klerk Government time.

It is still uncertain whether a bipartisan approach, as over Central America, can be agreed, but at the least any confrontation between the Administration and Congress over sanctions is unlikely until next year.

In his evidence, Mr Cohen expressed scepticism about calls for pressure to be applied by the US over the rescheduling of South Africa's foreign debts. He noted that all but \$700m of the \$2.5bn owed to US banks has already been converted to medium-term loans which South Africa does not have to start repaying until 1992.

In addition, Mr Cohen claimed that the South African central bank was virtually "dictating" repayment terms to US banks. "I find it difficult to see how political leverage can be exercised through this particular mechanism."

Shining outlook for US gold mining

GOLD OUTPUT from the United States is projected to rise sharply in coming years and will enable the mining industry to export about 85m grams (three million ounces) of the precious metal annually by 1992, a major trade association said yesterday, Reuter reports from Washington.

Billions of dollars in earnings expected from these projected exports are expected to help slash a massive, rising US trade deficit, the Washington-based Gold Institute said in a new survey.

The institnte represents North American and Australian gold miners, refiners, fabricators and wholesalers.

"The gold husiness is booming and the balance of trade impact stemming from increased production is dramatic," said Mr John Lutley, the institute's managing director.

Gold prodnction in the United States, the second-largest producer in the non-communist world, should rise to 267m grams (9.43m ounces) next year from 243.5m grams (8.59m ounces) this year and up to 286m grams (10.10m ounces) in 1992, the institute said.

A big increase in output is expected to result from six billion dollars worth of investment in gold exploration and mining begun in 1982, Mr Lutley added.

Until 1980, Washington imported about 82 per cent of the gold used by domestic manufacturers.

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Pakistan rejects Kabul charges on Geneva Accords

By Michael Littlejohns, UN Correspondent

PAKISTAN yesterday rejected the Kabul Government's charges of Pakistani violations of the Geneva Accords on *Afghanistan calling* them "false propaganda" that had been backed by military pressure through missile attacks and sabotage.

Mrs Nusrat Bhutto, *mother* of the Prime Minister, Mrs Benazir Bhutto and senior minister in her Cabinet, told the UN General Assembly that Pakistan would not be intimidated but would remain steadfast in seeking a comprehensive political settlement of the Afghanistan problem.

"The Kabul regime has been rejected by the Afghan people and is sustained within a few strongholds through massive infusions of foreign arms," she said.

She accused "the discredited Kabul regime" of having refused to transfer power peacefully and of hoodwinking its own people and the world in a desperate bid for survival.

As she spoke, foreign ministers of the Islamic Conference were meeting in New York to endorse a draft resolution initiated by Pakistan and formulated by a co-ordinating group of Islamic states. The proposal was for submission to the General Assembly when it takes up the Afghanistan question towards the end of October.

The draft was discussed over the weekend in a two hour meeting between the Soviet Foreign Minister, Mr Eduard Shevardnadze, and his Pakistani counterpart, Mr Sahabzada Yaqub-Khan, who said later he hoped the resolution would be adopted without dissent.

Islamic Conference sources said last night they believed further negotiations with the Soviet side might be necessary. Details of the draft were not disclosed pending consultations, but Mrs Nusrat Bhutto hinted at what it might contain.

She told the Assembly Pakistan was confident members would reiterate their call for a comprehensive settlement including the establishment of a broad-based government in Kabul, voluntary return of Afghan refugees – 3.5m of whom are in Pakistan – and a free exercise of the right to self-determination.

The General Assembly is due to take up the Afghanistan question *some time next* month and the reported Soviet-Pakistani agreement on a draft resolution, details of which were not *disclosed by either side, appeared* to ensure a large majority for it – and perhaps a consensus.

Mr Yaqub-khan himself spoke of a 'consensus resolution' when he told a reporter that he hoped to make an announcement about it soon.

In the meantime, he said, the Soviet Union and Pakistan would report the results of their talks to the UN Secretary General, Mr Xavier Perez de Cuellar.

Indian car maker shaken by confident workforce

David Housego on how Telco's previously tranquil industrial relations have broken down

THE STORY of how Telco, India's largest vehicle manufacturer and part of the Tata empire, with an almost unbroken record of good industrial relations, has been plunged into the worst labour conflict in its history, tells a lot about the changing face of industrial relations in India.

In a continuingly tense situation in Pune, Mr Rajan Nair, the charismatic young union leader at the heart of the conflict, was freed from custody on bail yesterday but denied entry to Pune. Telco management fear that at a meeting of workers outside the town today he will intensify the battle against the company.

Mr Nair's key demands are that he be recognised as the leader of the main union and that suspension notices be withdrawn against 135 employees.

Most of the 3,000 workers arrested last week in the wake *of a 10-day hunger strike* were also offered bail yesterday on promises of good behaviour. At the giant Telco plant on the outskirts of Pune, the management *said 2,250 production* workers had turned up for work – marginally higher than on Tuesday and equivalent to about a quarter of the assembly-line labour force.

Telco is the biggest industrial group on the west coast of India and the outcome of the confrontation will affect industrial relations in other plants in the region. Bajaj Auto, India's largest motor-scooter group, is now negotiating a three-year agreement with its workers.

The Telco management accepts that it has made mistakes in its handling of labour issues. Like many of the big companies in the region, its attitude towards labour has been benevolently authoritarian. It bought industrial peace by setting up a house union – the Telco Kamgar Sanghathana (TKS) that Mr Nair has now taken over – and switching union militants to different jobs at the first sign of trouble.

Mr Nair, articulate, courageous, bearded and with sharp, penetrating eyes, first won popularity in the 1970s by standing up to management. By winning concessions over such issues as loss of housing *allowance for absenteeism*, he showed that aggressiveness could pay. Another union leader in Bombay, Dr Datta Samant, also working outside the main union movement, has blazed a similar trail.

Telco has been slow to adjust its labour practices to a workforce that is more confident because better off. The Telco plants at Pune were built on green-field sites 25 years ago and recruited migrant labour desperate for jobs. These days, 80 per cent of the workers own their own house and most have colour television and fridges. They are more demanding and less pliant. Mr Nair has shown that his tactics can deliver.

Company officials speak in awe of the speed at which Mr Nair *stamped* his influence on the shop-floor

Mr Nair has had over 20 charges lodged against him, including murder, though he has never been convicted.

Telco dismissed him last year after alleging that he threatened to murder a security guard. *It is his decision* to organise a hunger strike in the centre of Pune – thus taking an industrial dispute out of the factory and on to the street – that has angered other industrialists.

Taken together, Mr N J Soonavala, *Telco's deputy* manager in charge of industrial relations, feels that all these elements add up to a situation comparable to the violent battle in the Japanese car industry during its accelerating growth in the 1950s. "We are going through that phase," he says.

The serious stoppages at Telco's two Pune plants, which employ 13,000 people in all, began in May. Mr Nair had taken control *of* the union in 1987 after winning 34 of the 42 seats on the executive committee. He was elected working president in July last year, having already been suspended from the company. In February this year, the company backed the setting up of a new house union, which Mr Nair had no trouble in branding as a creature of the *management*.

Company officials speak in awe of the speed at which Mr Nair stamped his influence on the shop-floor. Even from outside the plant, he established a system of communication that enabled his orders to be known through the factory and carried out *within* an hour. The workforce were forced to carry coloured badges which denoted their position in the union. Mr Nair began to halt direct communication *between* management and workers, thus making the union the only intermediary.

The crunch came on September 19 when the management signed a pay agreement with the new union. Mr Nair responded to this challenge by calling for an indefinite hunger strike in a main square *in* Pune. At the height, 5,000 workers participated.

The government had attempted mediation in an effort to keep the plant open. But when this failed and it looked as though the Mahatma Gandhi-style protest could end in deaths which would be blamed on the company or the authorities, the police moved in and arrested the hunger strikers, including Mr Nair.

The *tactic* now is to keep up the pressure on Mr Nair and his militants in the hope of marginalising them. Pune is a conservative *town* in which he already *appears* to have lost some support. Telco also hopes its labour force will increasingly return to work, tempted by a pay offer with arrears of Rs7,000 (£255). But it knows the going will be tough.

Industry in the area has been caught off balance by the violence of the conflict. Unions in India, as elsewhere, have been losing strength and recent big strikes in the textiles industry and at Hindustan Lever all failed. In fact, as managements faced with more competition become more aggressive, more days have *been recently lost in lock-outs* than in strikes.

The lesson Telco's management is drawing is that when the dust subsides they must encourage more worker-participation on Japanese lines and a more active information policy on company affairs. Within other companies, the hierarchical system still predominates.

Peking and HK clash over repatriation case

By John Elliott in Hong Kong

The Chinese government yesterday warned that its future co-operation with Hong Kong had been "marred" because the British colony had allowed a Chinese swimmer to fly to the US on Tuesday night instead of repatriating him home.

This is the latest of a series of clashes between Peking and Hong Kong since the June crisis in China. It illustrates the sensitive relations between the two at a time when Peking is closely watching events in Hong Kong which reverts to Chinese sovereignty in 1997.

The swimmer, Mr Yang Yang, had been in Hong Kong as a legitimate visitor since March. According to local officials he had no known links with the Peking students' movement. His visa expired in August. He appealed for asylum and was then held in detention for 10 days for overstaying the visa limit.

He was offered refuge by Taiwan, which is planning to give resident permits to between 60 and 100 Chinese student activists believed to be *in hiding* in Hong Kong.

The Hong Kong authorities decided that world opinion would not allow it to send Yang back to China. But it did not want to enrage Peking unnecessarily by sending him to Taiwan, which Peking regards as a breakaway province of China. Sending him to the US was regarded by the Hong Kong government as a reasonable compromise.

The Chinese authorities felt snubbed because they issued a statement last week saying people such as Yang would not be liable to prosecution if repatriated. Yesterday's statement was an unusually swift reaction for the Chinese authorities.

Unusually it was issued by the local office of the Xinhua News Agency, which acts as a de facto embassy in the colony. It said the Hong Kong government had set a "bad precedent" which would "adversely affect the normal contacts" and would "cast its shadow" over co-operation.

● A row which illustrates pre-1997 tensions in Hong Kong broke out yesterday over a police raid on the colony's two *television stations on Tuesday* night. Video recordings were seized of clashes last Friday between anti-China demonstrators and police outside a China National Day reception given by the Xinhua News Agency. The tapes were later returned. It was not known if the police decision to stage the raid had been authorised by the government.

Israelis cautious on peace talks

By Hugh Carnegy in Jerusalem

ISRAEL'S inner cabinet is today likely to delay its reaction to Egyptian proposals for Israeli-Palestinian peace talks, despite pressure from the US to reach a *decision*. *The* proposals have divided the main coalition partners.

President Hosni Mubarak's suggestion that Israeli and *Palestinian delegations* meet in Cairo to discuss elections to end the 21-month Palestinian uprising in the occupied territories has the backing of Washington and the Israeli Labour Party.

But the Likud party, led by Mr Yitzhak Shamir, the Prime Minister, has balked at the idea, seeing it as a concession to the Palestine Liberation Organisation. Labour is reluctant to break up the government over the issue at present. The two parties are thus expected to allow themselves more time to work on a compromise – perhaps involving further talks with Egypt on the make-up of any Palestinian delegation – although the delay could choke off the chance of a breakthrough.

Reuter adds from Cairo: Egypt, backed by the PLO, has put forward the names of 12 Palestinians to sit at the negotiating table in a proposed first meeting between Palestinians and Israelis, Palestinians said yesterday.

They said Mr Mohammed Milhem, former mayor of the West Bank town of Halhoul, and Mr Akram Haniyeh, editor of Ashaab newspaper, published in East Jerusalem, were the two non-resident Palestinian nominees.

Mr Mubarak carried the names with him to Washington when he met President George Bush and Secretary of State James Baker this week, the Palestinians added.

Yassir Arafat, the PLO chairman, being welcomed to Peking by President Yang Shangkun with a review of troops yesterday

Israeli taxman called in to fight intifada

By Hugh Carnegy in Beit Sahour

WHEN Jamal Banura welcomed visitors to his home in the West Bank town of Beit Sahour yesterday he apologised for having to seat them on mattresses arranged neatly on his living room floor.

In the middle of the previous morning the Israeli tax man *had arrived in mid-morning* with a truck and three jeeploads of soldiers to cart off his sofas and chairs, tables, a television and a cabinet in lieu of unpaid income tax.

Mr Banura, whose family of six and five employees earn their living from his workshop making wooden souvenirs for the tourists in nearby Bethlehem and Jerusalem, is now expecting another raid because of unpaid VAT. In common with the majority of Beit Sahour's mainly Christian residents, he has refused to pay his taxes, as part of a campaign that has suddenly thrust the town to the forefront of the 21-month-old Palestinian uprising, or intifada, in the West Bank and Gaza Strip.

Over the last two weeks, the Israeli authorities have responded to Beit Sahour's *civil disobedience – the towns*peoples' slogan is "no taxation under occupation" – by launching a systematic operation of property confiscation, accompanied by prolonged curfews, which has brought allegations of brutality and deprivation from Palestinian leaders and organisations.

The Beit Sahour campaign marks a significant development in the intifada. The emphasis by the town's middle-class – but traditionally *militant* – inhabitants on civil disobedience presents a very different challenge to the Israelis from the staple uprising protest of stone-throwing, petrol bombs and rioting.

Some Palestinian leaders looking for ways of extending the uprising, without taking the drastic step of resorting to arms, consider civil disobedi*ence the main option*.

So far, the people of Beit Sahour show little sign of backing down, despite the confiscation of property from 60 houses, workshops, businesses and stores estimated in value at around half a million dollars or more.

Mr Michel Salsa, a 61-year-old carpentry workshop owner, 10 days ago had five woodworking machines, a paint compressor, two cars and an electric organ, worth a total of $15,000, confiscated from his business and home. But, like Mr Banura, he says he has no intention of paying up. "We in Beit Sahour have decided that even if they confiscate everything – even our houses – we will not give in."

Feelings over the issue among Palestinians are exacerbated by what they see as arbi*trary and unreasonably* high tax demands from the authorities, by the lack of services they receive in return and by what they allege is the illegality of Israeli taxation in the territories. The authorities respond that they are simply enforcing the law.

But essentially the Palestinians regard the issue as much more fundamental than that. The tax boycott, says Mr Salsa "is an inseparable part of the intifada. The Israeli aim is not really to collect taxes, but to break the back of the intifada."

100 die in Natal rival political fighting

About 100 people have died in clashes between rival black political groups in Natal since peace talks between the two sides broke down 10 days ago, Patti Waldmeir writes from Johannesburg.

Officials, representing the Congress of South African Trade Unions (Cosatu) said yesterday *they feared* a serious increase in violence, which has already led to the deaths of some 2,500 blacks.

Supporters of Cosatu and the banned United Democratic Front have been clashing with supporters of Inkatha, the political organisation headed by Zulu Chief Mangosuthu Buthelezi, for over two years.

Cosatu officials said that the level of violence had increased, with pitched battles between armed men in townships near Durban, following Chief Buthelezi's decision to suspend talks 10 days ago.

Delhi blast kills 5

A powerful bomb exploded in a congested shopping district of the capital Wednesday, killing at least five people and injuring 13, AP reports from New Delhi.

Police said that the blast rocked the Sadar Bazaar in northern New Delhi and was apparently due to a land feud between two families.

Four of the victims belonged to the family of Abdul Razak, the 65-year-old operator of a scooter stand who owns the land. His wife, sister and two granddaughters, ages 4 and 8, *died* in the blast.

Cambodian guerrillas claim town capture

Cambodian guerrillas claimed to have captured another key town Wednesday in the fifth day of their offensive against government troops in north-western Cambodia, AP reports from the Thai border.

Gen. Dien Del, acting commander of the Khmer People's National Liberation Front, said his troops had captured Kandoul after two days of assaults and were still pressing against Svay Chiek.

The two towns were among the objectives the KPNLF cited last Saturday when they announced a "general offensive" against the pro-Vietnamese government in Phnom Penh.

Dien Del also claimed the KPNLF, along with its allies in the rebel coalition, had taken two government positions in the Ampil District of Oddar Meanchey Province.

The non-Communist KPNLF is loosely allied with the more powerful Communist Khmer Rouge and a group loyal to the coalition leader Prince Noro*dom* Sihanouk.

Ugandan mandate

Ugandan President Yoweri Museveni has proposed extending the mandate of his provisional government for a further five years, Reuter reports from Kampala.

Museveni's National Resistance Movement (NRM), which fought its way to power in January 1986 after a five-year civil war, *originally* gave *itself* four years to return the country to civilian rule under a new constitution.

But the government did not appoint a commission to draft a new constitution until last February, and it has been apparent for some time that the NRM would be unable to meet its original January 1990 target date for return to civilian rule.

Pope will find Catholic Church working to break down Korean barriers

By Maggie Ford in Seoul

THE VISIT of Pope John Paul II to South Korea, home to the second largest Christian population in Asia, could hardly come at a better time for both the church and the country.

Not only will the Polish Pope find South Korea in a state of democratic change not unlike that of his homeland, but he will also find his church engaged in helping Korea achieve its other great *goal* – a breakdown in the barriers between the two halves of the peninsula.

It will be the Pope's second trip to South Korea. In the five years since his previous visit, he will find his flock has grown from 1.5m to 2.5m Catholics. Christians now make up 29 per cent of the population of 41m.

He will also find that the church has at last made a *breakthrough in improving* relations with communist North Korea. The first two Christian churches opened in Pyongyang last year. He may even be able to meet delegates from the North who have been invited to the World Eucharistic Congress, the occasion *of* his visit to Seoul.

South Korea's Catholic Church has long been a supporter of democratic change in South Korea, *just as it has* been in Poland. Mr Kim Dae Jung, the main opposition leader, is a Catholic and Seoul's main cathedral has often provided sanctuary for dissidents and students persecuted under military regimes.

But since the democratic demonstrations in 1987, when the government gave in to public demands for elections and other freedoms, the church *has* devoted more effort to promoting better relations with the communist North, estranged from the South since the Korean war ended in 1953.

Senior bishops and Stephen, Cardinal Kim Sou Hwan, have adopted a cautious approach, which has not always satisfied *the desires of other church* members for speedier movement towards reunification of the *the two Koreas*.

While the church has not been able to prevent some of its members from making independent visits, it has dis*approved of their actions, pre*ferring to go through government channels.

Last month these more cautious efforts bore fruit, when *an official request to invite 20* North Korean Catholics to attend the congress was *approved by the South Korean* Unification Ministry. *If the* North Koreans accept the invitation, *it* will be the first religious visit between the two *sides for nearly 40 years*.

Mr Lee Hong Koo, the Unification Minister, said the church's request was precisely the kind of approach the government wanted to encourage so as to build relations with the North.

Clouds gather as Seoul's politicians face difficult session

Maggie Ford reports on growing resistance to the institutions of democracy among those who wield power in S Korea

SOUTH of the Han River, which divides Seoul as the Thames does London, a new building dominates the skyline. *Twice the* size of the country's parliament and in a prominent position atop a hill, the building can be seen for miles around.

Decorated with the floral symbol of the Seoul Prosecutor General, the skyscraper symbolises the new confidence of the investigative arm of the South Korean judiciary. For several months this confidence has found new shape as police and security investigators cracked down on what was seen as an outburst of extremism.

Many of the victims were South Korea's politicians, now involved in the autumn session of the National Assembly. More than 21 of them are under *investigation*, *one is* in jail and the leader of the Opposition has been indicted for breaking the draconian national security law.

The assemblymen face perhaps the most crucial parliamentary session in the country's recent history. Fundamental decisions will have to be taken about the future, and for many the task will be undertaken under a considerable cloud.

Mr Kim Dae Jung, the Opposition leader, is one of the politicians charged with wrongdoing in the last few months. He is alleged to have failed to inform the authorities about the plans of another MP to visit Communist North Korea. The other MP is in jail. Mr Kim strongly denied the charge during gruelling interrogation by the security police, but it has tarnished his image.

Prosecutors claim the others have committed offences ranging from influence-peddling over agricultural legislation to taking bribes and smoking marijuana. All the Opposition parties have protested against what they see as a politically-motivated attack on their members.

During the Assembly session, the MPs will be battling over three major areas:

● The introduction of a revolutionary tax and land reform programme which will fundamentally alter the country's internal economic structure.

● The revision of anti-democratic laws, including the National Security law, which derive from the old *days of authoritarian rule*.

● Reaching a settlement on two outstanding issues from the past: how to deal with the misdeeds of former President Chun Doo Hwan, now in internal exile, and his friends, and the treatment of the military massacre in the city of Kwangju in which at least 1,000 were killed in 1980.

The Government of President Roh Tae Woo has found itself at loggerheads with the ruling Democratic Justice Party, which Mr Roh leads, over the land *and tax reform Bill*. But because the three combined Opposition parties have a majority in the Assembly, the legislation may be approved.

The Bill will introduce tax penalties on companies and affluent people who speculate in land, along with a new domestic rating system based on the market value of property. The bill will also pave the way for an end to the use of false names in property and stock market transactions, to enable the introduction of a fair tax system, including capital gains tax and an end to tax evasion.

*The draft Bill has received over*whelming support from the public and the two main Opposition parties. But it has shocked the ruling party, many of whose supporters will be penalised by the Bill.

President Roh believes, however, that if social instability is to be avoided in South Korea the measure must be passed to stop the wealth gap from widening. The Bill is already being subjected to a backroom revision campaign and the President and the Opposition, follow*ing public opinion*, are expected to push for radical change.

The revision of anti-democratic laws is likely to be a priority for the main Opposition party, Mr Kim Dae Jung's Party for Peace and Democracy.

The Seoul prosecutor's office has indicated that it plans to try to tighten the National Security law, signalling a fierce battle with those who want to repeal it.

Other members may aim to revise it in a gradualist approach. Any efforts to drop it completely will be strongly resisted by conservatives who see it as protection against Communism.

The Assemblymen may also consider changes to the law governing *education and labour*. A *bitter teach*ers' dispute has broken out over the right to form a union, presently banned, which has resulted in many demonstrations and the dismissal of more than a thousand teachers. Many of the labour laws applying to other workers are also antiquated and seen as unfair.

The most intractable problem over the last two years of democratisation in South Korea has been what to do about the previous regime. In November last year former President *Chun Doo Hwan apologised for his* wrongdoing, returned a substantial sum of money to the state and retired to a remote Buddhist monastery.

But Opposition parties say this is not enough. They are demanding that he testifies, perhaps in private to the National Assembly, and that at least two of his followers are removed from their present positions.

One ruling party assemblyman, Mr Chung Ho Yong, a former general who is held responsible for the Kwangju massacre, has adamantly *refused* to resign and several attempts by Mr Roh and the Opposition leaders to reach a settlement have failed.

The Opposition has demanded that the matter be dealt with by the end of the year, threatening to run a campaign to oust Mr Roh if he does not succeed.

Their anger has been *heightened* by the recent behaviour of the police and prosecutors, dubbed "security politics."

After years of authoritarianism, *resistance by the powerful* to the institutions of democracy is not surprising. But South Koreans are famous for their "can-do spirit," exemplified by the success of the Seoul Olympics one year ago. Step by difficult step, they are making progress towards their goal.

WORLD TRADE NEWS

World Bank may cushion effect of farm trade reform

By William Dullforce in Geneva

THE WORLD BANK and the International Monetary Fund may provide extra financial support to developing countries confronted with higher food import bills as a result of an agreement to reform world farm trade in the Uruguay Round.

This possibility has emerged from talks between Mr Arthur Dunkel, Director-General of the General Agreement on Tariffs and Trade, Mr Barber Conable, President of the World Bank, and Mr Michel Camdessus, IMF Managing Director.

Mr Dunkel was commissioned by trade ministers last December at their mid-term review of the Uruguay Round to explore ways of achieving greater coherence in global economic policy making through a strengthening of Gatt's links with the Bank and the Fund. He will submit his initial report to the Gatt Council next week.

Reform of agricultural trade, embodying a progressive reduction in government subsidies, is one of the key issues on which the success of Gatt's trade-liberalising Uruguay Round depends. Cuts in subsidies could cause increases in market prices for cereals, meat and other foods.

Many food-importing developing countries, some of them highly indebted, worry about the effect on their balance of payments, if subsidised farm produce is no longer available. Thus, Third World backing for farm trade reform can be enhanced by guarantees of contingency funding to offset rises in their food import bills.

The World Bank in particular has indicated readiness to provide financial support for this purpose and also for developing countries undertaking significant reductions in their import tariffs in the Round. The IMF already has special facilities to compensate countries for high grain import costs.

Temporary World Bank and IMF funding for countries which agree to liberalise their trade but are worried about the immediate impact on their payments balance is only one of several projects on which Mr Dunkel will report.

Debtor countries opening up their trade regimes under World Bank or IMF structural adjustment programmes may be able to obtain "negotiating credit" for their reforms in Gatt. They could use this credit to win market-opening concessions from their trading partners.

Under Gatt rules their reforms would have to be "bound", i.e. carry guarantees that they will not be withdrawn. The three agencies are to step up their contacts at working level, to ensure that World Bank and IMF staff understand Gatt requirements.

The Bank and the Fund have also agreed to consider how to introduce consultation with Gatt on trade policy issues into their procedures for working out adjustment programmes for the countries to which they lend.

This is a more controversial measure, as developing countries argue that it would step up pressure on them to liberalise trade without applying similar pressure to the industrialised nations.

However, by launching Gatt's country-by-country trade policy review mechanism in December - with the US as the first country to be examined - trade ministers have reinforced the case for this type of co-operation between Gatt, the IMF and the World Bank.

India strives for a foothold in Europe

K.K.Sharma reports on efforts to ensure that Indian business keeps pace with 1992

ONE of India's largest consulting engineers has its eyes fixed on Europe. "We've got to get a foothold in Europe and then work like hell. Otherwise, there is no survival", says Mr Saurin Chatterjee, resident director of M.N. Dastur and Company.

Mr Chatterjee's company has its international headquarters in Dusseldorf and from this West German base it has won a number of prestigious engineering contracts all over the world. Dasturco, as the company is known, has successfully engineered over 120 industrial projects globally with a total capital investment of about $24bn.

Its experience is invaluable for Indian companies now being encouraged to launch enterprises in Europe as part of the strategy to deal with the Community's integration in 1992. A presence in Europe is considered essential by several official and private groups which have studied business prospects in Europe in the coming years.

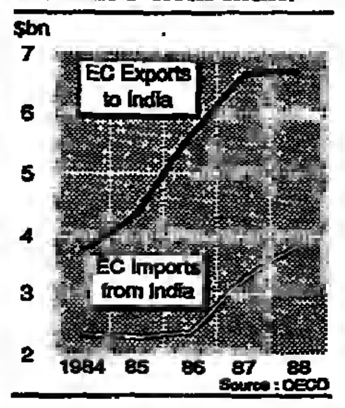
India's Finance Ministry is said to be favourably examining a proposal to allow companies to draw from the country's scarce foreign exchange resources to make this possible. The need for such Indian investments in Europe, the reverse of what has happened so far, is considered necessary to retain and expand India's market share after the Community's integration.

The Community is India's largest export market and the Indians want to correct quickly the substantial adverse trade balance. More than 25 per cent of India's exports go to Europe. Since these constitute a mere 0.33 per cent of the Community's imports, there is clearly scope for expansion. Since traditional agro-based exports have limited potential and ready-made garments have virtually reached their peak because of quotas, the sector considered most promising is engineering goods.

At present, these form just 5 per cent of India's exports to the EC. Officials plotting the strategy to meet the challenges of the integrated Community feel that Indian companies are best suited to take on "dirty" industrial projects which, for environmental control reasons, European companies prefer to leave.

The second target is the production of various engineering components which are expensive to make in Europe because of high labour costs. Indian companies have the expertise to make these relatively cheaply and many have already made such exports. Prominent among

EC trade with India



these are Larsen and Toubro, Secals India, Sivananda Steel and Mukund Iron and Steel.

The items seen to be potentially profitable are steel castings, forgings, industrial fasteners and the like – mostly products in the intermediate range. Other engineering products considered promising are hand tools, bicycles, machine tools, pump compressors, diesel engines and the like.

Sales of these in Europe would enable India to increase industrial exports and diversify trade. Companies like Bharat Forge and those belonging to the Tata group have already registered successes or are planning links with European companies for this purpose.

Some Indian companies like Escorts and Telco are making automobile components for European manufacturers and officials would like to see this kind of activity expanded as part of the strategy to win subcontracts and arrange suitable buyback arrangements.

A related example is the takeover of sectors that either European or other companies are intending to vacate. Suzuki Motors of Japan, for instance, is considering allowing its Indian partner, the government-owned Maruti Udyog, to tap the European market on its own for small cars if the recent initial export of 800cc cars to France proves successful.

This is part of the move to find European groups with a wide marketing network which are considering abandoning some uneconomic areas of production and would be willing to accept Indian goods to sell them under their brand names. Indians recognise this would involve considerable improvement in quality control and compliance with European standards. Standards are already being tightened in India to increase exports and the approach of 1992 could hasten the process.

Maruti Udyog, for instance, made a number of modifications and improvements to cars exported to France which are not required for the less sophisticated Indian market. Indian exporters are increasingly being encouraged to conform to international and, particularly, European standards and tastes.

Officials also expect Indian companies to break into the services sector because of cheap labour costs, although they recognise that they face competition from countries in the Community whose workers may be willing to accept lower wages. India also hopes to do well in the area of consumer electronics and computer software since these are labour intensive and need cheap trained manpower, of which the country has an abundance.

India is gearing up in several ways to meet the needs of Europe in 1992, including organisational changes which will not only affect Indian embassies but also prompt more trade fairs and exhibitions. The influential Confederation of Engineering Industry, for instance, is to make its London office the base for its European operations. In co-operation with the Government, 10 leading exporters are to be selected to focus their efforts on an integrated Europe.

Brittan tells Japanese to end cartels

By Robert Thomson in Tokyo

ECHOING the newly popularised trade themes of Japan's structural problems and the plight of the Japanese consumer, Sir Leon Brittan, vice-president of the European Commission, yesterday urged Japanese business leaders to abandon cartels, which he suggested were "commonplace".

Sir Leon said the root of the problems with Japan's distribution system was the "keiretsu", the large corporate groups that secure their businesses with strategic cross-holdings. The impact of these groups on trade is high on the agenda of the recently launched US-Japan Structural Impediments Initiative (SII) talks.

He also condemned barriers to parallel imports, products imported by companies outside the normal distribution channel and often sold at a discount. On Tuesday, officers of Japan's Fair Trade Commission raided the offices of Apple Computer Japan and Canon Sales as part of an investigation into alleged attempts by the two companies to stop parallel imports of Apple machines.

Sir Leon told the Keidanren, the Japanese employers' federation: "My message to you would be, despite protests from official importers and their suppliers, do nothing to restrict this parallel trade, unless, of course the goods are counterfeited, or there are safety or other special reasons why the goods should be restricted to the official distribution channels."

He suggested that the Fair Trade Commission, the country's anti-monopoly body, be given more political and industrial backing to "start sinking its teeth into some of the restrictive practices which clog up the Japanese distribution system". The result of action against those practices would be a "far better deal to the Japanese public".

US trade negotiators at the SII talks have virtually described themselves as representatives of Japanese consumers in their efforts to convince the government that basic economic policy changes need to be made. Reflecting the growing US concern with structural problems, the European Commission has just notified the Japanese government that structural issues will be raised at Japan-EC talks to be held early next month.

CoCom to update restrictions

By Ian Davidson in Paris

EFFORTS to streamline Western restrictions on high-technology exports to Communist countries are being reviewed in Paris this week, at a meeting of senior officials from the 17 countries belonging to the Co-ordinating Committee on Multilateral Export Controls (CoCom).

This week's meeting, part of a process to update the list of restricted exports launched by CoCom governments in January 1988, is intended to report progress to a high-level meeting provisionally scheduled to be held on October 25 and 26.

The two main aims of the review are to simplify the lists of products whose export to Communist countries is banned, but at the same time to strengthen the mechanisms of enforcement. The review is also considering how the CoCom countries should treat the problem of non-member countries, which may be used as transit ports for onward despatch to Communist countries, or may even be manufacturers of sensitive industrial products.

A fourth issue under consideration is how to facilitate trade in sensitive technology between Cocom members, a question which is of particular interest to the members of the European Community.

Officials are also expected to debate the position of China. In 1985, when China was in the throes of economic liberalisation, CoCom explicitly relaxed restrictions on export restrictions to China. The assumptions behind that relaxation have been called into question by the government-ordered massacre in Tiananmen Square in June of this year; but this week's meeting is unlikely to reverse the looser rules applicable to China.

The meeting is also expected to consider updating the restriction on exports of machine tools to the Communist countries, with West Germany pressing for liberalisation. No change of substance is likely to be taken this week.

Cessna picks R-R

The smallest civil jet engine developed by Rolls-Royce in partnership with Williams International of the US made its market debut yesterday when it was chosen by Cessna Aircraft to power its new twin-engined business jet, the Citation, writes Paul Betts, Aerospace Correspondent.

EC rulings prompted Intel's Irish move

By Louise Kehoe in San Francisco

THE announcement by Intel Corporation of plans to set up in Ireland a manufacturing centre - which may eventually include a world-class semiconductor fabrication plant – marks a change of course for the US chip maker.

For years, Intel had prevaricated over European manufacturing. But the approach of 1992 persuaded the company that it should seriously consider establishing a semiconductor "assembly and test" operation in Europe.

Intel says that it has been forced to change its plans by pressure from European customers, who feel obliged to find European sources for their semiconductor components in the light of recent rulings by the European Commission on the "rules of origin" for semiconductor chips.

The new EC rules state that semiconductor chips must be "diffused" within the European Community if they are to be labelled "made in Europe". Diffusion is one of the most delicate and expensive processes in making semiconductor chips.

Previously, the country origin for semiconductor chips, was determined by the location of the plant in which the devices underwent the final manufacturing process – assembly and test.

Opposition Labour Party reveals leaked privatisation prospectus

Water sale 'at consumers' expense'

By Michael Cassell, Political Correspondent

BRITAIN'S privatised water companies will be given wide additional scope to raise charges, according to a draft of the industry's flotation prospectus leaked to the opposition Labour Party.

The party at once claimed that "cetch-all" provisions meant water prices would rise "for the slightest reason."

Mr John Cunningham, the party's environment spokesman, said the arrangements handed unprecedented powers to private water monopolies at the expense of consumers.

Mr Cunningham said the projected figures in the document, which show some water companies expecting up to threefold increases in profits over the next 10 years, reveal that the industry expects to pay out about £5½bn in dividends over the next decade. He stressed that, together with interest on the companies' borrowings, consumers faced a bill of £7bn.

The prospectus, setting out the conditions governing the activities of water and sewerage utilities after they are sold off in December, specifies the changes in circumstances under which they can apply to raise prices beyond those permitted under the Government's formula for regularly fixing charges.

The draft identifies changes in UK legislation, new European Community laws and alterations to regulations and grants as among the grounds for asking the director general of water services, who is responsible for the economic regulation of the industry, for higher prices.

The document, which includes a warning to potential investors that the UK faces EC legal proceedings over drinking water standards, also says that water companies may seek price changes in any circumstances which could not have been avoided by "prudent management action."

Mr Cunningham claimed that the qualifying conditions attached to epplications for additional price rises had driven an avenue "as wide as the Channel tunnel" through the privatisation legislation.

He said the projected cash flows for the water companies showed there would have to be significant, extra price rises if they were to achieve required levels of returns. He warned that water consumers would pay very heavily for the "manic desire" of the Government to ensure e political success for the privatisation.

Mr Cunningham acknowledged that the sale of the water companies was likely to prove successful, describing it asa give-away. He added: "The arrangements ensure that privatisation will be e success. I have no doubt that people will find it attractive".

Labour analysts at the Brighton party conference suggested that that the draft prospectus showed the industry sell-off would raise £7.2bn, excluding the proceeds of the sale of South West Water, one of the 10 water companies, the figures for which are not included in the leaked draft. They also said dividends in the first year would range from 2.6 per cent to over 11 per cent. Dividends from all water companies in the first decade would average 6.5 per cent.

Mr Chris Patten, the Environment Secretary, said yesterday that Labour had not made any new disclosures. The ability of water companies to apply to raise prices had been public knowledge for months. He added: "It is not surprising if we want to raise quality they will have some need to finance investment".

Richard Evans adds: The draft confirms the view that water industry leaders secured big concessions from the Government in the final, fraught negotiations over charging policy for the next 10 years.

The industry was determined to press for high charges to help pay for the £18bn of capital expenditure needed to bring water quality and the industry's assets up to standard. Ministers were equally determined to keep the K factor – the amount charges can rise above the retail prices index – as low as possible for political reasons.

The draft prospectus confirms that the new water public limited companies will be allowed to lift charges well above the K figure, which averages about 5 per cent, by the so-called "cost pass through" arrangements which will take account of additional costs from EC regulations, the introduction of metering and essential costs that cannot at present be quantified.

The Government's financial and marketing advisers were philosophical about the leak, saying that its disclosure would not affect the success of the flotation.

Key facts on the flotation, such as the share price and whether 100 per cent or 51 per cent of the industry is to be sold off, will not be known until next month. The price will be revealed on November 22, final prospectuses published on November 29, and the offer will close on December 6.

Labour backs new employment law plan

By John Gapper, Labour Correspondent

THE LABOUR Party yesterday committed itself to a new framework on employment law extending the right of workers to take industrial action and probably involving a system of specialist labour law tribunals.

The party's conference in Brighton rejected a call from Mr Arthur Scargill, president of the National Union of Mineworkers, for industrial action with or without ballots and a return to mass picketing.

However, Mr Michael Meacher, Labour employment spokesman, emphasised that some secondary action would be allowed and some employers might be forced to recognise unions by a tribunal which could investigate recognition claims.

The conference decision was a further boost for the leadership's attempt to swing the party behind its policy review. However, it leaves unresolved details of how the new employment framework would work.

A motion calling for the complete removal of restrictions on rights to picket and strike was rejected by 3.8m votes to 2.2m.

Minister reverses new town decision in policy shake-up

By Andrew Taylor, Construction Correspondent

MR Chris Patten, Environment Secretary, yesterday proposed making radical changes to Government planning policies affecting rural and urban housebuilding.

Mr Patten, who has been given the task of improving the Government's image on green issues rejected plans to build e new country town in north east Hampshire.

This reversed the decision of the previous Environment Secretary, Mr Nicholas Ridley, who said in July that he was "minded" to approve development of the town, Foxley Wood, near Fleet.

Consortium Developments, a group of 10 housebuilders which proposed the settlement last night attacked Mr Patten'e decision as a fudge which had been rushed out to win cheers at next week's Conservative party conference.

Conservative party members have been deeply critical of the Government's handling of planning issues and for its failure to restrain development in south-east England.

Mr Patten said that the Government proposed to withdraw planning guidelines which since the early 1980s had advised local euthority planners to presume in favour of housing development.

He said local councils would be expected to take greater responsibility for deciding where houses should be built.

He had been influenced by Hampshire County Council's statement that it was considering housing plans for the whole county. It would have been wrong to pre-empt this local decision-making by allowing the Foxley Wood scheme to proceed.

Mr Patten stressed that he was only "minded" to dismiss the Foxley Wood plans – adopting the terms used by Mr Ridley. Officials, however, said it was highly unlikely this decision would be reversed. Developers have been given three weeks to submit reasons why their plans should not be dismissed.

Lord Northfield chairman of Consortium Developments said: "Hampshire needs to provide an extra 22,600 homes in the 1990s. Foxley Wood is not going to go away. A new settlement will still be needed."

Mr Patten's decision however was warmly welcomed by environmentalists and residents and councillors in north-east Hampshire.

Council 'faces tough future'

By Robert Mauthner, Diplomatic Correspondent

THE British Council, the principal agency for developing Britain's cultural relations around the world, faces a difficult financial future despite a substantial increase in its earnings and efficiency savings.

Sir Richard Francis, the council's director-general, presenting his organisation's annual report for 1988-89, said yesterday that last year saw a record demand for the council's services.

An increasing number of countries wanted more British culture, educational services, technical skills and business knowhow.

The council's total programme, at just under £290m, increased by more than 8 per cent, a growth of 3 per cent in real terms. Total earnings reached £66m, of which £44m was in the form of revenue, mostly in foreign exchange, a rise of 15 per cent.

Those results, with efficiency gains of 1.8 per cent in staff and running costs – which were better than the general government target of 1.5 per cent – had not been sufficient to bridge the shortfall in funding.

Activities in Western Europe and other key areas have had to be reduced to close the gap.

The Government's announcement last November of an increase of £6m in the Government's grant for 1989-90 has therefore been welcomed by the council.

The increase was a reward for the council's successful efforts to develop its revenue-earning activities and to become less dependent on the government grant.

The extra funds, the first increase in real terms for 13 years, will be spent largely on priority regions such as Western Europe, Eastern Europe, the Soviet Union and the Pacific Rim.

"We regard the new money as a gesture of confidence in the work of the British Council and in the value of investing in British culture abroad," Sir Richard said in the introduction of the council's annual report.

"It must be noted, however, that on present projections of inflation during the three years 1990 to 1993, the purchasing power of our government grant is set to fall by £9m."

Meeting such e shortfall would not be easy, he said.

Only if Britain's overseas investment was protected from the worst effects of UK inflation and the direct government grant was increased would the council be able to satisfy the expanding foreign demand for British culture, Sir Francis said.

The council's most successful and profitable activity remains the teeching of English to students abroad.

Its network of 52 overseas language centres had a turnover in 1988-89 of £25.3m and a record enrolment of 66,000 students, an increase of29 per cent in the last five years.

Sponsorship from business for the council's activities more than doubled to £1.9m last year.

One of the most important new developments was a jointly funded programme with Rank Xerox, the US office equipment group, worth 1.6m for management training, scholarships and arts events in Eastern Europe, the Soviet Union, Africa and India.

Buyer sought for insolvent TV maker

By James Buxton, Scottish Correspondent

HINARI, a British consumer electronics company, yesterday called in administrators from the insolvency practitioners Cork Gully.

The administrators hope to find a buyer for the company, which appears to be insolvent and is believed to have debts of about £30m. Administration allows a company to continue trading while a moratorium is placed on creditors, with a view to salvaging its business and avoiding receivership.

Hinari, which has annual sales of about £80m, has grown rapidly since it was founded in 1985 as a supplier of televisions, video recorders and audio equipment. It imports most of its products from the Far East but recently began manfacturing televisions at Cumbernauld, near Glasgow in Scotland. It also operates in Spain and West Germany.

The calling in of administrators will be seen as a result of e weakening of the consumer electronics market by high interest rates.

It emerged last week that Mr Brian Palmer, the founder of the privately owned company and its biggest shareholder, had resigned as chairman and managing director. He was replaced six weeks ago by Mr John Robinson, former managing director of Electrocomponents, e British electronic components supplier. Mr Palmer built up Hinari and selected a Japanese-sounding name for it to increase customer acceptance.

Last year a consortium led by Hill Samuel invested £4m in the company, taking a 14.4 per cent stake.

Mr Frank Blin of Cork Gully said every effort was being made to ensure continuation of the business while seeking a buyer.

UK NEWS

Leeds Permanent to close 60 branches

Leeds Permanent, the fifth largest UK building society, plans sweeping changes in commercial strategy with the closure of many of its branches and the loss of 150 jobs, writes David Barchard.

Mr Mike Blackburn, chief executive, said yesterday that 60 of the society's 461 branches would be closed. Redundancies among Leeds Permanent's 4,500 staff will in many cases be achieved through voluntary redundancy or early retirement.

The closures follow similar moves last week by Nationwide Anglia which is shutting down 150 of its more than 800 branches.

This unprecedented retrenchment among building societies reflects the recognition that the institutions must now operate in more competitive markets.

Leeds Permanent is to concentrate on areas where it is strongest, its traditional mortgage and savings business, and will probably avoid further diversification into retail banking.

This strategy contrasts with the launching of a Visa credit card by Leeds Permanent last year. Mr Blackburn said yesterday that this was not expected to make any profit in its first two years.

The cutback will be accompanied by a programme of increased investment on systems and technology. Leeds Permanent is planning to invest £23m in new technology next year in addition to £14.5m invested in the past year.

Halifax profits rise despite downturn

By David Barchard

DESPITE the downturn in the housing market, Halifax, the largest UK building society, yesterday reported higher first half profits.

The home loan institution made pre-tax profits of £237.7m in the six months ending July 31 compared to £223.3m a year ago. The result was described by Mr Jim Birrell, Halifax's Group Chief Executive, as "very satisfactory."

A week ago Abbey National, Halifax's chief rival, reported pre-tax profits of £203.1m virtually unchanged from a year ago. However Abbey National achieved its result on a much smaller balance sheet. It has assets of £33.7bn compared to Halifax's £42.5bn.

Mr Birrell said that the result was pleasing because during the period Halifax had been hit by two exceptional losses. These include a lending of £26m for the Burrells Wharf project to Kentish Property Group, the Dockland developer and losses on estate agency operations of £14.5m

However, the results show a drastic downturn in the markets on which Halifax and other building societies rely. The number of new mortgage loans made by the society fell from 150,000 a year ago to 97,000 this year, a drop of 35 per cent.

The number of loans to first time buyers – to whom much of Halifax's advertising is addressed – fell by 33 per cent, to 39,000. Total new mortgage lending by the society was £4.1m compared to £5.5m a year ago.

Halifax said that it had held its share of net mortgage lending in the building society market stable at around 13 per cent.

On the other side of its business, net receipts of wholesale funds and retail savings fell from £3.09bn in the first half of last year to £1.9bn this year.

Most of this inflow of funds was from savers rather than the money markets, although the building society did not provide specific details of savings inflows.

The society's capital ratios have improved slightly despite the depressed state of the market.

Its gross capital ratio rose from 4.79 per cent at the start of the year to 4.96 per cent.

Honda UK car plant 'to source mostly from Britain, Europe'

By John Griffiths

HONDA, Japan's second biggest carmaker, expects British and Continental suppliers to supply most of the components needs – worth £600m-£800m a year – for its UK car production plant Mr Tadashi Kume, the company president, said yesterday.

At the formal opening of an engine plant at Honda's 367-acre site – which is already making engines for the new Rover 200/Honda Concerto models – Mr Kume said he did not exclude the possibility that some Japanese component makers would set up plants in the UK to supply Honda.

But Honda was "completely satisfied" with the quality of components from European suppliers, which Mr Kume expected to remain the prime source for Honda's components after target production of 100,000 cars a year is reached in 1995.

Honda of the UK Manufacturing (HUM) is preparing to start construction of the £300m car plant beside the Swindon engine unit. In the 12 months from late 1991 it will assemble cars, mostly from Japanese parts, but HUM has promised to try to reach at least 80 per cent European content within 18 months of regular production starting in late 1992.

Mr Kume yesterday quashed speculation that the Swindon site would produce Honda's Accord model – it would build a "completely new" car developed solely by Honda, but carrying both Honda and Rover badges.

Both companies refused to discuss the financial aspects of their "statement of understanding" signed in July to strengthen their collaboration, part of which provides for Honda to acquire a 20 per cent stake in Rover Group and for Rover to take a 20 per cent holding in HUM. Mr Kume said a formal agreement on the terms of the equity arrangements was expected to be completed by the year end. Only a small amount of cash is understood to be involved.

Both companies rejected any possibility that the shareholdings might later be increased.

It remains unclear, though, if Honda plans eventually to raise UK output above the 100,000 cars a year target. Toyota plans output of 200,000 cars a year from its plant at Derby, and Nissan executives have indicated that UK production is likely to double to 400,000 in the late 1990s.

Mr Kume said Honda had no plans to increase output beyond the stated level. But he added: "Ultimately we would like to make the plant capable of exporting to other parts of the world outside Europe."

Steering group prepares for clearing house

By Richard Waters

A STEERING GROUP of leading City of London institutions has been set up to prepare the way for a new independent clearing house for stock market transactions.

The clearing house is seen as one of the most important elements in London's range of services as a leading financial centre. It is planned in response response to fears that the weakness of the current clearing and settlement systems, exposed in the run-up to the stock market crash two years ago, could undermine international confidence in the London equity market.

The formation committee, expected to be announced today, will decide on the ownership, structure and constitution of the clearing house. The decision to spin clearing and settlement off from the Stock Exchange, where it has traditionally been handled, was taken in July.

UK NEWS

Anglo Irish Conference sticks on security issue

Kieran Cooke previews today's London meeting

TRY as it might, the Anglo Irish Conference never seems to get much beyond discussing security issues. The conference, set up under the 1985 Anglo Irish Agreement, meets again today in London – once again security questions will top the agenda.

Of immediate concern is the growing series of security leaks in Northern Ireland, mainly of documents about terrorist suspects in the nationalist community to loyalist organisations and the press.

The latest allegation is that an "Inner Circle" within the Royal Ulster Constabulary, the Northern Ireland police force, has drawn up lists of nationalist terrorist suspects and pledged to bring down the Anglo Irish Agreement.

Mr Hugh Annesley, the new chief constable of the RUC, has dismissed the reports as "arrant nonsense," but the matter is likely to form part of the widening enquiry on the leaks issue being conducted by Mr John Stevens, the Deputy Chief Constable of Cambridgeshire.

The main bone of contention at today's London conference meeting concerns the Ulster Defence Regiment, the mainly protestant regiment which carries out more than 80 per cent of army duties in Northern Ireland. Dublin has frequently called for its activities to be limited and controlled – Mr Ray Burke, the Irish Minister for Justice, recently questioned the regiment's very existence.

Dublin politicians and leaders of the mainly Catholic Social and Democratic Labour party in Northern Ireland have been particularly upset by statements this week by Mr Peter Brooke, the Northern Ireland Secretary, confirming that the UDR will be issued with plastic bullets, a move which Dublin has always resisted strongly.

Mr Brooke said he was merely putting into practice a decision made by his predecessor Mr Tom King, and that the use of plastic bullets by the UDR would be subject to tight control. Dublin has described Mr Brooke's comments as "extremely unhelpful and regrettable" and feels its concerns, raised at the last conference meeting, have been brushed aside.

While Dublin has expressed its worries about the security leaks allegations, it has been careful not to become directly involved until a fuller picture emerges.

Many in Northern Ireland feel that the whole question of the leaks has reached faintly ridiculous proportions. Much of the information seen so far been is relatively low-calibre and widely available – one theory is that it was released by hardline loyalists to cause friction between London and Dublin and undermine the Anglo-Irish Agreement.

If this is so, the loyalists have had some success – relations between London and Dublin are more strained than for some time. But whatever the arguments at today's meeting it is likely that both British and Irish Governments will pledge themselves to continuing the Agreement.

Meanwhile, pressing issues such as discussions on reforms in the justice system in Northern Ireland and more cross border co-operation have been pushed to the sidelines by questions of security once again.

European arms industry 'may be reduced to few leading players'

By David White, Defence Correspondent

EUROPE'S arms industry might be reduced to three or four "major players" by the mid 1990s, Professor Roland Smith, chairman of British Aerospace, forecast yesterday.

In a lecture to the Royal Institute of International Affairs he said a series of cross-frontier amalgamations would take place "unless individual European governments take it upon themselves to interfere with the progression of market forces.

"It would not be difficult to forecast a situation in which the European defence equipment industry will be forced to move quickly into complementary alliances, mergers and acquisitions so as to gain the economies of scale and to be able to afford the research programmes to sustain advancing technology without too substantial a contribution from European governments."

That prospect was set against the background of defence budgets expected, at most, to grow in line with inflation.

Prof Smith called for "pan-European solutions to defence procurement" to strengthen the market base and enable European contractors to compete with US rivals. "Business considerations must be given prominence over national pride."

Prof Smith described it as a "tragedy" that France should have stayed outside the Tornado and European Fighter Aircraft programmes. French aerospace companies had some of the most advanced technology and manufacturing processes in Europe, and European business could not afford to duplicate scarce resources in developing different aircraft.

He also called for a "less confrontational policy" between Britain and France on arms sales to developing countries. European companies could keep their place only through greater research efforts derived from the increased scale of businesses. They needed a more coherent export policy to avoid losing market share.

Closer European industrial co-operation should leave room for a continuing two-way relationship with the US, he said.

Pay for top executives in step with Europe

By Michael Skapinker

THE BASIC PAY of top UK executives is rising no faster than that of their European counterparts according to Charterhouse, the merchant and investment banking group.

In its twice-yearly pay survey, Charterhouse said the pay of Britain's top managers is usually performance-linked. It added that the biggest increases are awarded in the largest companies, where competition for senior managers is most acute.

Charterhouse said that the typical senior UK manager saw basic pay rise by 12.1 per cent in the year to July – a net rise of 5.1 per cent after inflation. Belgian managers, by comparison, enjoyed a 4.9 per cent rise after inflation, while German and Dutch directors' pay rose 4.8 per cent after inflation and that of French directors went up by 4.6 per cent.

Charterhouse said that UK chairmen or chief executives typically saw total earnings (comprising basic pay and bonuses) rise last year by 17.8 per cent.

A quarter of all chairmen and chief executives won earnings rises of 7 per cent or less; a quarter won rises of 36 per cent or more.

Board members' pay rises were influenced largely by the size of the company. The typical base pay increase for all board directors was 13.6 per cent, and directors of companies with a turnover of less than £40m received 10 per cent. In large multinationals, directors received basic pay increases of between 15 and 20 per cent.

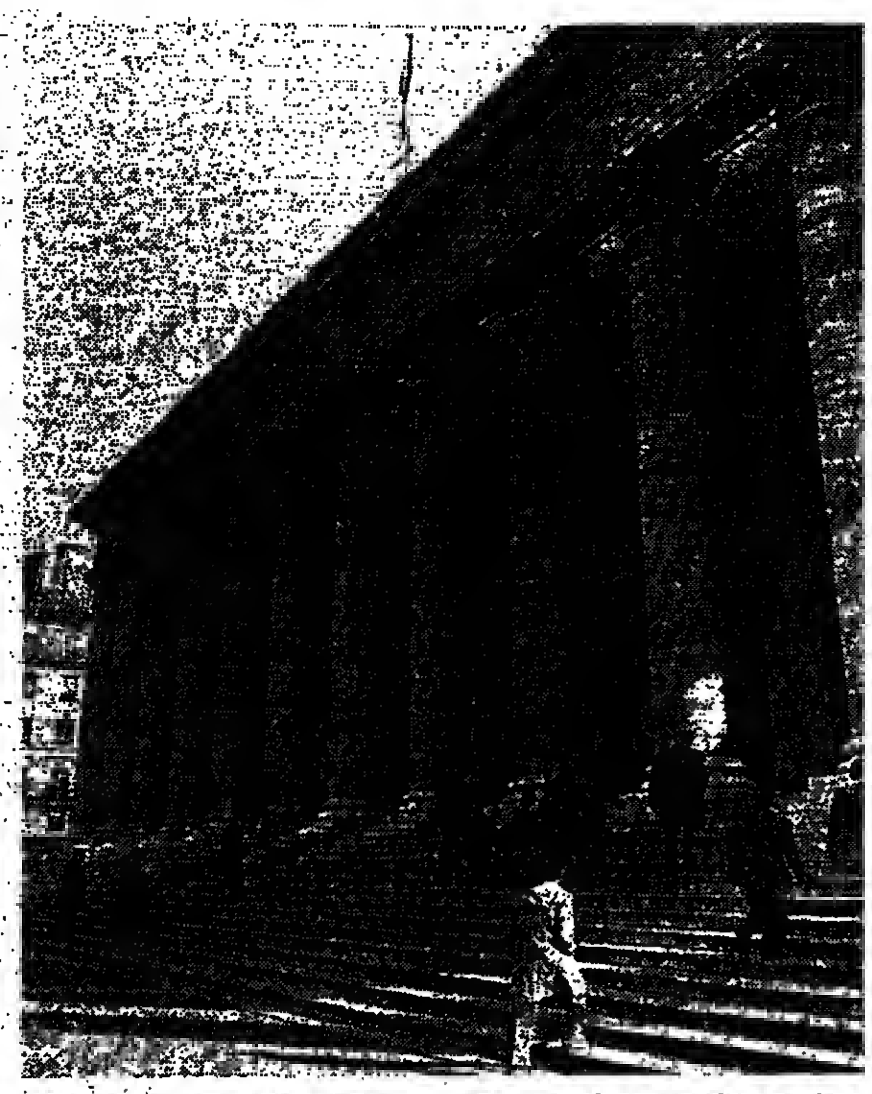
Charterhouse found 25 directors earning £500,000 a year or more. As its information is taken from published company accounts, its list is not comprehensive and excludes most private companies.

Lord Hanson, chief executive of the eponymous UK conglomerate, is the highest earning executive with total earnings of £1,239,000. Second is Mr Tiny Rowland of Lonrho, followed by the highest paid director of Robert Fleming, who has not been identified. Sir Ralph Halpern, chairman of the Burton Group, is fourth.

TECHNOLOGY

Alan Cane on how the French stock exchange is modernising some of its procedures

High yield at the Bourse



The world's stock exchanges are gearing up for battle. In an increasingly competitive financial world, they are looking for ways to improve efficiency.

London, with its switch in 1986 to screen-based information services, has made the running in Europe. Other European exchanges, however, have been quick to use information technology to try to diminish London's lead.

The Paris Bourse, which is fourth largest exchange in the world behind New York, Tokyo and London, is carrying out a project to modernise its clearing and settlement procedures – something the London Stock Exchange is only beginning to tackle seriously.

The Paris project is making substantial use of computer-aided systems engineering (Case), where computer systems are used to write computer programs. It is a comparatively new but rapidly growing technology.

Once exclusively the preserve of specialists like Index Technology and Sage Software in the US and Systematica and Softlab in Europe, the technology is now being promoted by large companies. Computer firms apart, these include semiconductor house Texas Instruments, aerospace manufacturer McDonnell Douglas and management consultants Arthur Andersen.

Last month, International Business Machines, the world's largest computer manufacturer, added its presence to the list, announcing its own Case strategy under the name Applications Development/Cycle or AD/Cycle – typically impenetrable IBM terminology which conceals, experts say, significant advances in Case technology.

Julian Hewett and Tony Durham of the London-based consultancy Ovum argue in a study* about the development of Case systems that IBM's announcement will galvanise the Case industry. They say it will encourage suppliers to forsake attempts to develop Case strategies of their own in favour of products compatible with IBM's approach.

IBM, they suggest, will provide a Case framework into which other suppliers can slot their products. "Case is now an established technology," say Hewett and Durham. "It has overcome the credibility barrier, and is on its way to becoming one of the software industry's major product markets".

But why does a credibility barrier even exist? Of all businesses, surely the software industry takes its own medicine and uses computers to lighten the programming load?

Strangely enough it does not. The creation and testing of software has always been more craft than science; the result is that the delivery of finished software remains a hit-or-miss affair. Budgets and deadlines are missed more often than not and a depressingly high percentage of new business software is never used. It is delivered so late that the business imperative has gone.

Case is an attempt to change that. It uses computer-based techniques to automate the use of a "methodology", e disciplined approach to project management, and computer-based methods to write and test computer code automatically.

According to the Ovum study, the Paris Bourse project is the largest project in the world to use Case methods. It originated after a review of clearing and settlement procedures ordered in 1986 by Edouard Balladur, then French Minister of Finance. The review was carried out by the US-based consultancy Arthur Andersen which went on to design and implement the new system, known as "Relit" (Reglement-Livraison de Titres).

Arthur Andersen stands apart from the other consultancies in the emphasis it places on the management of technological change. It has developed its own Case methodology (Method/1), a systems design product (Design/1) and software to generate computer code automatically (Install/1). The set of Case "tools" is called Foundation.

The Bourse project presented Arthur Andersen with a formidable task. It would involve the interconnection of 300 banks and 50 brokers with the capacity to handle 600,000 transactions every day. The software alone would involve 700 programs.

Some 500 people-months were taken up in the design phase; at the peak 250 people were working on the project. The overall task was divided into six sub-projects: three adjustment preparation systems (one for bank-to-broker transactions, one for broker-to-broker transactions and one for trades outside the market); the settlement system; a system for maintaining common reference data; and the network for handling data communication between organisations over Transpac, the French packet-switched network.

While the system will not be completed until December 1990, testing has already started. Hewett and Durham report that all six sub-projects have been completed on time and within budget: "A remarkable achievement" they conclude, "for a project of this scale. Helping to manage risks is the strategic benefit associated with the use of Foundation. It is believed by the project's managers that controlling e project of such scale would be almost impossible without extensive help from tools – and, of course, a methodology."

The Paris team has tried to measure productivity gains using Foundation. They estimate that the use of Install/1 delivered direct productivity gain of 20 per cent during the implementation phase. For on-line programs, the code generator delivered e 30-40 per cent gain and for batch programs, 10 per cent. The mix of on-line to batch programs was 30:70.

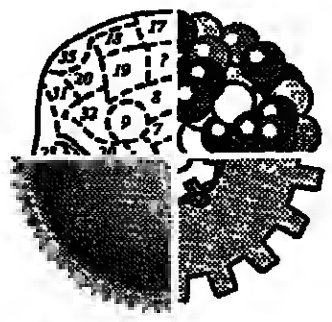
Examples of success like the Paris Bourse (Hewett and Durham list other case histories including Aetna Life Insurance Corporation of the US, the UK's East Midlands Electricity company and Nykredit of Denmark) suggest that Case's time has arrived.

The Ovum study sets out three management actions which it believes are necessary to achieve success:

- An initial "action of faith" when justifying Case. It is difficult, Ovum argues, to develop a cost/benefit analysis for the technology.
- A substantial investment. "Disaster faster" is the popular slogan used to refer to the results of poor introduction of tools.
- An understanding of the relationship between methodology, techniques and Case. Case tools support or automate methodologies, so automating a mess will only produce an automated mess.

Will Case help overcome the now endemic shortage of programmers? Not in the short term, Ovum says: "We expect Case to improve productivity dramatically as benefits start to be realised in maintenance (adding new material to old programs). But this is unlikely to have a significant impact this side of 1995. If anything, in the short-term Case requires more skilled developers to take advantage of the increasing levels of support and automation."

**Case: The Next Steps. Ovum Ltd, 01-255 2670. £550 or $995.*



WORTH WATCHING

Edited by Della Bradshaw

Briquettes for cleaner sewage

AS WORRIES about the safety of the UK's drinking water and cleanliness of its beaches grow, one company has developed e process which, it says, could solve both problems and provide an alternative fuel to coal.

R North & Associates of Exeter has developed a method of extracting water from domestic sewage sludge to produce hard briquettes the size of cricket balls, but weighing almost e kilo.

The briquettes can be burned in modified coal-burning power stations, treated for use as fertilisers, or dumped at sea. But because the briquettes are so compact – traditional sludge is 94 per cent water – they will sink to the sea bed where they will disintegrate, rather than washing up on beaches.

First, the raw sewage passes through a belt press to remove the water. The resulting cake, comprising 60 per cent water, is fed into a dryer, operating at 110 deg C, which produces dry flakes. They are then made into briquettes. One lorry-sized machine could produce 3.5 metric tonnes of dry material per hour – enough to service one large town.

Less friction for more wear

WHEN TWO metal parts rub together they cause heat. That causes friction. And that causes wear.

So a thermal barrier which prevents the build up of heat will mean a longer life for engines, machine tools and any other process machinery where metal parts clash. Such a coating is being made by a US division of Motor Products Corporation, of Aix-en-Provence.

Turbolon, as it is called, comprises a chemical ingredient in a petro-chemical base, and works by permeating the metal. Small particles penetrate the structure to a depth of 0.15 to 0.20 microns after the coating is put on. An added bonus for motor vehicles is that the temperature reduction allows a more complete combustion of the fuel, thereby reducing noxious emissions.

Turbolon is available or being tested in Norway, France, Denmark and the UK (sold by 3T of Wales).

Testing the anaesthetic

PATIENTS in UK hospitals will be the first to benefit from e medical test which can prevent brain damage, and even death, from occurring when a person is under anaesthetic.

Sold by Pharmacia, of Uppsala in Sweden, but developed at London's University College, the test is designed to spot allergic reactions to drugs given during an anaesthetic.

A reaction occurs because some people build up antibodies after repeated exposure to anaesthetic drugs. The blood test, which measures the level of antibodies developed against the three most commonly used drugs, can be done in hospitals in less than four hours.

Christmas cameras

EUROPE is to get the latest in Japanese camera technology – just in time for Christmas.

The Canon still video camera is used for snapping photographs in the same way as an ordinary camera. But once taken, the pictures can then be displayed on e television screen.

The camera, developed to work with the European Pal television format, records the pictures on e two-inch square magnetic floppy disk, which uses e similar tape to a video cassette. Like a video cassette, the "photos" can be erased or others recorded over them.

A lead from the camera plugs into the video recorder or aerial socket on the television set, and the pictures are flicked through on screen by pressing the shutter on the camera.

Each disk, which can contain up to 50 full-colour images, will cost £5. The camera costs £499.

Computerised controller

NUMERICAL controls, the equipment which controls the workings of machine tools in factories, are embracing the latest developments in computer technology.

Osai-AB of Poole, the joint venture company set up by Olivetti of Italy and Allen-Bradley of the US, has developed a computerised controller based on the latest Olivetti personal computer.

The Series 9360 can run standard software packages designed for IBM or compatible PCs. The machine could, for example, run e local area network package so that the screen-based controller can send information to the corporate database, or retrieve data from it to be used in the production cycle.

Because the Series 9360 machines use 32-bit microprocessors, they can process the arithmetic equations considerably more quickly than their 16-bit predecessors.

No more excuses

UNIVERSITY students returning to campus this week may find that their lectures have been timetabled with an uncharacteristic efficiency.

A software package for IBM and compatible PCs has been launched in time for the new term. It schedules rooms, lecturers and subjects – and refuses to allow any double bookings.

Developed by Corbett Engineering of Kenilworth, the Celcat package displays information in a grid format – in the same wey as e timetable is written. Printed out, the timetable can be distributed to staff end students, eliminating a whole catalogue of excuses for why students could not make it to the room on time.

Contacts: R North: UK, 0392 211661, 3T: UK, 0597 5717. Pharmacia: Sweden, 18 16 30 00. Canon: Japan, 3 348 8505. Osai-AB: UK, 0202 680011. Corbett: UK, 0926 56131.

Snakes alive in Korea's cinemas

Maggie Ford reports on the ultimately successful battle to distribute foreign films

Once upon a time a US movie company spotted a good business opportunity. Looking across the Pacific from their Hollywood base, executives saw a capital city with 10m people and only 16 cinemas where films are given their first showing.

What's more, the films shown there consisted almost entirely of second rate sex and violence pot-boilers, while the population was highly educated and becoming increasingly well off.

The main problem with this enticing market was that it was protected from foreign competition. In 1986 the company, Universal International Pictures (UIP) decided that the time was right to try to expand.

The country it was aiming at was South Korea. Three years later the campaign has been successful, but few would have imagined the obstacles that UIP would face.

The scenario reads like the script for High Noon. While the goodies and baddies have not yet engaged in a shoot-out in the main street, tactics used in Seoul to fight off the challenge are reminiscent of the wild west.

They include releasing live snakes in cinemas to frighten customers, and scattering tear gas powder under the seats, forcing patrons to exit fast, crying and sneezing.

Screens have been ripped to frighten off cinema owners and demonstrations have been held claiming that foreign films pollute Korean culture. Two alleged saboteurs have been arrested and even the taxman has been introduced into the argument.

The first problem UIP faced was government restrictions on imports. It enlisted the help of the US Government, then in the throes of a bitter trade battle with Seoul as its deficit mounted. Movies were put on Washington's list, along with beef, wine, advertising and citrus fruit. Before long the South Koreans capitulated on films, an easy point to concede compared with the severe political constraints on opening the market to agricultural goods.

UIP had won the first battle and started to organise for the fray on the ground. It hired Mike Pae, a Korean American who had formerly worked as an agent for the South Korean film importers, to head its Seoul operation.

Pae, in the role of poacher turned gamekeeper, was a good choice. A film editor who had owned a film and video shop in Los Angeles, he is well versed in the business attitudes of both sides. "We may be fighting tooth and nail, but we can still go out and have dinner together after work," he says of his South Korean adversaries.

UIP represents MGM, United Artists, and Paramount as well as Universal International. It buys between 35 and 40 films a year to distribute worldwide, in competition with Warner Brothers and 20th Century Fox in the US.

In Asia it also competes against Hong Kong and Taiwanese film distributors. So far few European films are shown in Asia and Japanese films are banned from South Korea.

In 1987, after the market was opened by the agreement between the two governments, UIP and the other US distributors faced a further combination of two restrictions: a quota system and a cartel of South Korean distributors who chose the films to be imported.

The South Korean Government insisted that one third of cinema showings must be reserved for Korean films. But rather than protect the local industry, the quota, combined with very heavy-handed censorship, caused the local industry to wither.

The result was that cheap, but profitable, foreign films were imported, with 40 per cent of the available market going to Hong Kong movies. Investment by the cartel in local films was low, designed only to fill the quota hours as inexpensively as possible. Many talented local film directors were so discouraged they turned away from the industry.

Such poor quality films, Korean or foreign, failed to attract patrons, which resulted in only 16 cinemas for 10m people. All of them were in poor condition, regarded as a property investment rather than a business by their owners.

Looking at a market worth an estimated $20m annually, UIP decided that enormous growth was possible if the emphasis changed to quality imports. It was right.

As a first step it cut off supplies of UIP films to the local distributors, which were then taking two or three a year. Second, it concentrated on quality, bringing in films like Fatal Attraction and Rain Man.

Before long, audiences in a country starved of quality films were flocking to the cinema. UIP estimates that Seoul could now fill 200 cinemas profitably, with 2,000 nationwide. Already the number has jumped to 50 in a year and cinema owners have installed new stereo equipment, better seating and attractive decor.

The row between UIP and the local distributors has attracted much attention; the local press was initially hostile because of fears of a further invasion of American culture in a country which already feels itself to be swamped.

But the popularity of quality films has moderated criticism. The recent success of the Korean film industry, which has picked up prizes at the Venice, Berlin, Locarno and Moscow film festivals, has also blunted the argument that the local industry is being damaged.

The government has announced a programme of support for the local industry of Won 10bn ($15m); this includes the building of modern professional studio facilities over the next three years.

Pae praises the calm and intelligent attitude of cinemagoers who, he says, have recognised the use of scare tactics by the local distributors and have refused to be intimidated.

Other foreign distributors are now beginning to survey the possibilities in South Korea, albeit cautiously. 20th Century Fox recently distributed the film Big without incident in Seoul and Australian distributors are considering the market.

UIP still has some way to go to establish fully open competition as it has still not been able to get its films shown in major downtown cinemas. But Pae believes it is only a matter of time before theatre owners see the merits of the box office deal UIP offers, where the risk and the profit is shared. Local distributors charge a flat fee for their films.

After that, for the next stage of its campaign, UIP plans to try to reform the local video market, where piracy is the main problem. Although South Korea has signed an intellectual property agreement with the US, enforcement remains a major problem.

The US Motion Pictures Exporters' Association is shortly to establish an office in Seoul to try to stamp out piracy. The problem is also a major deterrent to European Community exporters, with whom Seoul has signed no agreement at all.

Piracy does not affect film distribution, however, and other foreign countries are expected to take advantage of the trail blazed by UIP. They, too, may well be successful, for South Koreans are starved of quality European culture.

The UIP saga is a good example of the way opening markets can benefit both export and domestic industries as well as the consumer. Even the local distributors may one day be forced to agree that it is a story that deserves a happy ending.

Gillette hones its competitive edge

Philip Rawstorne on the launch of a "life-style" shaving system

Shaving may be a mundane and boring activity, but it is taken very seriously by the players in the shaving products market, with Gillette, Wilkinson Sword and Bic in particular honing their marketing weapons.

Now Gillette is aiming for a slice of the top end of the market with a new shaving system, the Sensor, that it says has taken 10 years to develop. It plans to spend $175m (£109m) on a multinational marketing campaign for the launch of Sensor in North America and Europe early next year.

The system will become the focal point of a pan-Atlantic "life-style" marketing strategy which began earlier this year with the advertising campaign – Gillette: The Best A Man Can Get.

The $110m campaign, from the US agency, BBDO, will support a single Gillette product for the first time, with a consistent theme covering brand name to packaging, in the US, Canada, the UK and 16 other European countries.

In the UK, the launch of the Sensor will be supported by a marketing spend of more than £13m, including a £9.6m multi-media advertising campaign. Gilette's aim is to increase both the total value of the North American and European wet-shave market, currently around £68m, and its 65 per cent share of it.

Ever since its founder, King C. Gillette, invented the safety razor in 1895, the company has constantly searched for an easier, safer and more comfortable way for men to get rid of their whiskers.

It is a sizeable problem. Gillette's researchers reckon that the average man has 30,000 whiskers on his face, growing at the rate of a half-inch every month. He spends the equivalent of 3,350 hours, or nearly 140 days, during his lifetime shaving off the growth.

The North American and European markets now use 5.5bn blades a year – and Gillette supplies 57 per cent of them.

Recent improvements of the cartridge systems has also increased the value of the market which declined during the 1970s and early 1980s with the advent of disposable razors. Since 1986, the market has grown by 26.7 per cent in value compared with an increase of only 2.6 per cent in volume.

Disposables still account for 63 per cent of market volume, but less than 42 per cent in value. What is known as the systems sector has since 1986 increased from 23.8 per cent of market volume to 28.7 per cent; and its value share has risen from 43 per cent to 51 per cent.

It is in order to continue that process, and consolidate its position as market leader, that Gillette has spent some $150m in developing the Sensor system over the past 10 years. The prototype was produced at Gillette's research establishment at Reading, in the UK, and the engineering and manufacturing processes have been perfected at the company's Boston headquarters.

The Sensor's laser-welded, and chromium/platinum hardened, narrow twin blades, are independently mounted on springs. That feature, Gillette claims, together with a spring-mounted metal skin guard and pivot head, enables the razor to adjust automatically to the individual contours of each man's face. "The first, and only, personalised shaving system," says Alan Boath, Gillette's general manager, Northern Europe.

The company claims that consumer tests have already shown that Sensor not only gives a closer, more comfortable shave but that its cartridges are easier to change and to clean.

The system will be introduced, with sample offers and other point-of-sale promotions, at a premium of 25 per cent on the cost of Gillette's current top-priced product, the Contour Plus.

Gillette is aiming for a 5 per cent share of the market for Sensor by the end of 1990. It accepts that most of that gain may be made at the expense of its other razors; but it will be well satisfied if a third of the Sensor's sales is cut out of its rivals' share of the disposable market.

The influence of affluence

Christopher Parkes assesses the impact of advertising on drinks consumption

Does advertising drive people to drink?

Probing under-age psyches and poring over econometric models, seekers after the truth have just published new material which should arm both sides of the long-running debate.

Writing in the latest edition of the International Journal of Advertising, Martyn Duffy, an economist at the University of Manchester Institute of Science and Technology, concluded that the role of advertising in the expansion of demand for alcohol was "barely measurable."

However, psychologist Philip Aitken, reporting in the same edition on a study of a gaggle of Scottish schoolchildren, found that commercials had a measurable influence on young people and concluded that alcohol commercials reinforced their drinking habits.

Duffy fed his econometric model with data from 1963 to 1983, when real per capita spending on beer, wine and spirits rose 66 per cent.

Out came the response that rising income was by far the most important force behind increasing demand.

Spirits consumption, he says, may have increased by almost 3 per cent a year on average because of greater affluence; wine by 4 per cent and beer by 1.1 per cent. Actual growth rates were 3 per cent, 6 per cent and 1.4 per cent a year respectively.

Most of the growth rate difference was accounted for by relative price differences as liquor and wine became cheaper relative to beer and non-alcoholic drinks. In sum, Duffy found, the millions spent on promoting drink over the 20 years under review had no effect at all on spirits drinking, and may have added a mere 0.2 per cent to average annual growth rates of beer and wine.

A sidelight from a more recent period came in another paper in the journal, which showed that between 1978 and 1987 beer consumption fell 14 per cent while advertising rose 60 per cent in real terms. Spirits intake fell 4 per cent while promotion rose 70 per cent, and wine drinking soared 65 per cent under the influence of fashion while advertising expenditure fell 26 per cent.

Eschewing bar charts and equations, psychologist Aitken, of the University of Strathclyde, tackled the drinks industry's stock argument that advertisements merely encouraged existing drinkers to change or maintain their brand preferences.

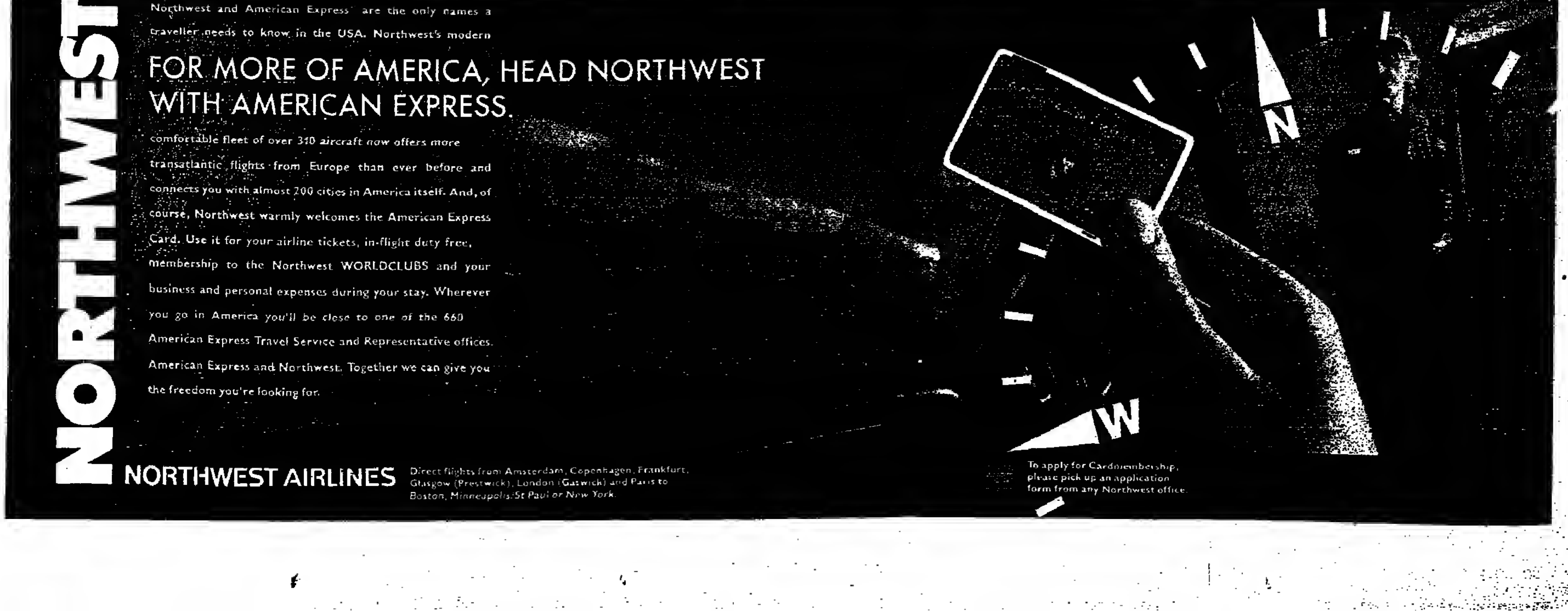
"While advertising may certainly have a greater effect on brand choice . . . in relatively mature or static markets of older adults . . . it would be expected to have a greater effect on consumption in dynamic markets of teenagers who are experimenting with alcoholic drinks," he argued.

Unaware that their interrogators were interested in their response to drinks commercials specifically, 150 Scottish children were asked to mention advertisements they liked. The 10-year-olds rattled off catalogues of humorous ads for sweets, soft drinks, crisps and toothpaste. Children of 12 and above, however, tended to mention alcohol commercials at the beginning of their lists, and most of the entire sample liked them for their music, action, colours and humour.

Aitken stressed that advancing age and peer group drinking were probably more influential in tempting an adolescent to drink, but added that it was clear that commercials aimed at older teenagers and young adults presented qualities attractive to younger groups.

As one 16-year-old boy said of lager advertisements: "They tend to have the image of the macho type of man who can get all the girls he wants."

International Journal of Advertising, Vol 8, Number 2, 1989. Quarterly on subscription from Mike Daley, Cassell, Stanley House, 3 Fleets Lane, Poole, Dorset BH15 3AJ.



BUSINESS LAW

US courts slow the Reagan-Bush anti-trust revolution

By Robert Skitol and Lloyd Ziff

OBSERVERS of the treatment of mergers, acquisitions and joint ventures under the US anti-trust laws hava in recent *years focused almost* exclusively on enforcement and non-enforcement decisions by the two federal anti-trust agencies, the Federal Trade Commission and the Anti-trust Division of the US Department of Justice.

While this focus is understandable, it has perhapa obscured some remarkable developments in the courts, which have produced over 30 decisions involving 21 contested transactions within the past 30 months alone.

This most recent array of precedents under section seven of the Clayton Act provocatively exemplifies the fact that anti-trust "regulation" in this area is a product of decisions from disparate sources.

We present here a brief look at the last few years of this hydra-headed judicial dimension. The composite picture reveals that things have changed less than might at *first seem*.

The period from 1987 to the present is of particular interest because it covers the final two years of the Reagan administration and first six months of the Bush administration, during which one might have expected to see some results from eight years of appointments to the bench of judges sharing the "Chicago School" approach to anti-trust that has pervaded the Reagan enforcement agencies.

It is also of particular interest because it covers the 30 months following the Supreme Court's *Cargill* decision, establishing strict standards for competitor standing to sue and widely viewed at the time it was rendered as sharply curtailing if not eliminating private enforcement of section seven.

Of the 21 transactions, nine involved Government challenges – three brought by the FTC, six by the Justice Department. We review those nine cases here.

The Government's record in court has been rather spotty. The courts have shown no inclination to rubber-stamp the Government's charges: sometimes accepting the merger proponents' positions on tha facts; while on other occasions taking a harsher view of a merger's adverse effects on competition than the Government has argued in its chal*lenge or believed appropriate*.

In short, the element of unpredictability remains a significant characteristic of merger law and policy in the United States.

In the first of these cases,[1] the FTC sought a preliminary injunction against a merger of two glass container manufacturera. The district court denied the injunction, principally on the ground that the relevant market was not that of glass containers but of "all rigid-walled" containers including metal and plastic.

In the next case, the FTC sought the wholly unprecedented remedy of rescission of a consummated merger betwean two industrial dry *corn* producers. The district court granted the request and its decision was affirmed by the Seventh Circuit in a tough "trust-husting" opinion by none other than Judge Richard Posner, a leading light of the Chicago School.[2]

The FTC challenged a merger between two California supermarket chains, settled on the basis of a limited divestiture commitment that allowed the parties to proceed with the transaction, saw the transaction consummated and *then* saw the California Attorney General challenge the deal and obtain a hold-separate order on findings of both a probable violation and inadequacy of the agreed-on divestiture.

The Ninth Circuit upheld *the* district court's finding of probable violation but reversed the order on the ground it amounted to a "divestiture" order, a remedy not available to the State's Attorney General who, the court said, *could* have obtained an injunction against consummation if he had sought one on a more timely basis.[3]

In separate actions, the Justice Department challenged a merger between two non-profit *making hospitals in Rockford*, Illinois, and a merger between two non-profit making hospitals in Roanoke, Virginia, with opposite results.

The district court in Illinois accepted the Department's *position that such* a *transac*tion between non-profit making entities was subject to section seven, that the relevant market was limited in inpatient hospital services within a narrow geographic area, that efficiencies and other benefits of the merger should be disregarded and that the merger should be enjoined.[4]

The district court in Virginia accepted the defendant's position that snch a transaction between non-profit making entities is *not* subject to section seven, that the relevant market should be defined broadly to include outpatient clinics as well as hospitals within a wide multi-county geographic area, that efficien*cies* and *other* benefits *of* the merger outweighed any potential anti-competitive effects and that for all of these reasons the merger was lawful.[5]

The Department sought and won a preliminary injunction against a joint venture between two of only three manufacturers of automatic tampers used by railroads to correct track deviations.

Among the defences rejected by the court were that: The joint venture was needed to *enable the parties jointly* to develop high-tech tampers; the venture would enable the parties to crack the European market and increase exports; railroads in their capacity as tamper consumers believed the venture to be desirable and did not believe it would have any adverse effect.[6]

The Department lost its suit for divestiture of an acquisition giving a single movie exhibitor control over virtually all of the cinemas in the Las Vegas area. The court found the market was not limited to movia theatres but included home video and cable TV.[7]

On the other hand, the Department won a revival of its suit for divestiture against a high fructose corn syrup (HFCS) manufacturer's acquisition of control over competing HFCS facilities when the Eighth Circuit reversed the lower court's summary judgment dismissing the complaint.

The lower court found that HFCS competed within the same market as sugar; the Eighth Circuit agreed with the Department that HFCS and sugar were different markets because of government price supports for sugar.[8]

The Department filed a complaint and proposed consent decree in a hostile tender offer situation involving two competing sellers of aggregate materials, permitting tha offeror to complete the transaction without waiting for completion of the required "Tunney Act proceeding" on the adequacy of the decree.

Both the target company and the California Attorney General objected and persuaded a district court to enjoin the transaction pending completion of the Tunney Act proceeding. On appeal, the Ninth Circuit npheld the district court's authority to issue such an order in aid of its Tunney Act jurisdiction but directed that it be converted into a hold-separate order.[9]

In this period government agencies scored some big victories, suffered an approximately equal number of big losses, and on two occasions found the California Attorney General a potent merger antagonist.

[1]*FTC v Owens-Illinois, 681 F Supp 27*; [2]*FTC v Elders Grain, 868 F 2d 901*; [3]*California v American Stores, 872 F 2d 837*; [4]*US v Rockford Memorial, 1989-1 Trade Cas 68,462.*; [5]*US v Carilion Health Systems, 707 F Supp 840*; [6]*US v Ioaco, 704 F Supp 1409*; [7]*US v Syufy, 1989-1 Trade Cas 68,478*; [8]*US v Archer-Daniels-Midland, 866 F 2d 242.*; [9]*US v BNS, 858 F2d 456.*

Mr Skitol and Mr Ziff are partners in Washington and Philadelphia for Pepper, Hamilton & Scheetz.

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For further information please telephone James Whelan on 01-549 3444 or 01-547 3671 between Monday and Saturday. Alternatively, write to him at the address given below.

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By The
Inter-American Development Bank
Loan Contact No. 154/1C- GY.
Supply of spares for Sugar Factory Equipment

Tender are hereby invited from suppliers for the provision of factory spares to be acquired under an Industrial Reactivation Loan Programme the Inter American Development Bank (IDB) is partially funding this rehabilitation programme through LO - 154/1C GY eligibility with respect to origin of goods as and service will be determine pursuant in the rules applicable for the use of the fund.

Tender are invited from firms which are from regional or N non-regional MEMBER countries of the IADB for the supply of the following spares which are dividend into two groups indicated in the corresponding documents.

Contracts would be let following international competitive bidding by The Guyana Sugar Corporation Limited through the Central Board Committee of Ministry of Finance

FACTORY SPARES

Group A Mills
Group B Diesels

Specifications contained in the tender document permit offers of spares which have similar characteristics and provide equal performance and quality in those stated

Tender documents can be obtained from the office of C Czarnikow Inc 75 Wall Street New York NY 10005. United States of America or the Guyana Sugar Corporation Limited to the appropriate address below against a non reimbursable payment of 500 Guyana dollars or equivalent in foreign exchange by crossed cheque in favour of the Guyana Sugar Corporation Limited.

The tenderer shall furnish as part of his tender a tender bond in favour of the Chairman Guyana Sugar Corporation Limited

In the value of 5 percentage of the CIF tender price

Tenders shall be in English *submitted in duplicate* and *delivered in plainsealed* envelopes which in no way identify the tender to the chairman of the central tender board committee at the appropriate address below

Tenders close at 14.00 hours local time on the 14th of December 1989

The Chairman
Central Tender Board Committee
Rehabilitation Sugar Programme
Industrial Reactivation Loan Programme

The Chairm
Central Tender Board Committee
Rehabilitation of Sugar Factories
Industrial Reactivation Loan Programme
Mr E O S Hanoman
Finance Director
Guyana Sugar Corporation Limited

22 Church Street
Georgetoen
Guyana

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Duly completed transfers received by the Company up to 5.00 p.m. on 19th October, 1989 shall be accepted for registration for the above purpose.

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WORLD INDUSTRIAL REVIEW

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

CINEMA

The boy that would be king

HENRY V
Kenneth Branagh
COOKIE
Susan Seidelman
WIRED
Larry Peerce
K-9
Rod Daniel
ARIEL
Aki Kaurismaki

Kenneth Branagh is the flavour of the thespian year in Britain. The only question is: will we still like the flavour next year? His film of *Henry V* represents megalomania on a grand scale, worthy of Orson Welles or Laurence Olivier. Directing and starring, Branagh has assembled a cast of fellow luminaries – Paul Scofield, Emma Thompson, Richard Briers, Judi Dench, Geraldine McEwan – who wheel around him as satellites round a planet.From Welles he borrows, at least in early scenes, the device of disguising a shoestring budget with lashings of chiaroscuro. (If the sets are skimpy, it is usually too dark to tell.) And from Olivier he borrows a bravura acting style, at once flamboyant and surgically incisive, that turns "Once more unto the breach" and the St Crispin's Day speech into trumpet blasts for the human spirit.

It is what Branagh does not borrow that proves less auspicious. Attempting to creep out from the shadow of his mentors, he fills the movie with all the lesser Bardic material Olivier's movie wisely left out (the later Chorus speeches, the conspiracy scene, the hanging of Bardolph). And as if terrified that the torchlight-and-Gothic style of Welles's Shakespeare films might follow him to Agincourt and beyond, he imparts a grey, overcast naturalism to the early location scenes in France that snuffs out tension and excitement. Instead of accompanying the British army on a vast patriotic adventure, we feel as if we have met up with 30-odd mummers whose van has broken down near Calais and who are legging it across France in funny clothes.

Saddest disappointment is Branagh himself. When not out-braying Olivier or delivering (his best moment) a moving "O God of battle, steel my soldiers' hearts," he proves e curiously anodyne screen presence. Blond-mopped and doughy-featured, he resembles – Nature's fault not his, but one magnified on screen – a schoolboy who has eaten too many buns during the tuck-box break. Shorn of Olivier's physical charisma and reserves of sullen, glowing mystery, Branagh tries to compensate with a pugnacious modernism. But all one feels is a talented adjutant desperately grabbing at officer status.

The movie's pictorial poverty is exposed by the yards of verbiage. Were we ever so speechified at in e Shakespeare film? Derek Jacobi's Chorus keeps turning up, spelling out in words what we should be seeing or sensing in images. He resembles one of those over-explanatory tour guides one longs to take aside and bind and gag. And the first scene of foreign policy-making at Henry's court is a torch-lit talk marathon that seems less like Shakespeare freshly brought to life than a bid to discourage permanently the televising of parliament.

The film's finest moment is the coda to the Battle of Agincourt: a beautifully sustained travelling-shot across the chaos of war, with the music of a "Nobis Domine" swelling on the soundtrack. Indeed all the later French scenes, dominated by Scofield's frail and foxy French King and lent comic sparkle by Emma Thompson and Geraldine McEwan, show a rainbow coalition of acting styles one has sorely missed earlier.

But at no point – even here – does Branagh's *Henry V* hold a flambeau to Olivier's. That richly-coloured picture book, unflagging in élan even when over-insistent in jingoism, is still the best Shakespearean film ever made. Branagh's is not the worst; but a cry of "Once more unto the drawing-board" should be uttered before Mr B contemplates further forays into putting the Bard on screen.

★

Worse things can happen to a whita hope of British acting than to appear in an underwhelming film of *Henry V*. He – or in Emily Lloyd's case she – could appear in a movie called *Cookie*, complete with Brooklyn accent and look of controlled panic. Swapping South Coast England for East Coast USA, the sulky sexpot of *Wish You Were Here* has become Peter Falk's daughter in the tale of a jail-paroled Mafia mobster (Falk) and his family troubles. Family with both small F and large. Small F family: Falk's foghorn wife Brenda Vaccaro and the tomboy daughter (Lloyd) he has had by pretty, squiffy mistress Dianne Wiest. Large F family: the Mafia (Michael V. Gazzo, Lionel Stander, Jerry Lewis).

How all parties rave, bicker and squabble, and how the tearaway Ms Lloyd gets the longsuffering Mr Falk into trouble and then into a Federal Witnsss Protsction Programme: this is stuff of many chortlas. Or it should be. Unfortunately the film is directed by Susan Seidelman (of *Desperately Seeking Susan*) as if desperately seeking the point of it all. And it is written by *Silkwood*'s Nora Ephron and Alice Aslen a if a meltdown took place at the creative core somewhere around page one. The characters never gel with each other, the scenes wait vainly for the ignition of laughter. As for Miss Lloyd, she gets ten points for her accent, three for her limited success in moving beyond the ponts-and-sulks piquancy of her debut role.

Wired is the "true story" of actor John Belushi. The comedian and film star, who was as large as a dirigible but had a poorer sense of direction, died of a drug overdose in the early 1980s. Blazing a fitful comic trail on large and small screen – *National Lampoon's Animal House, The Blues Brothers*, TV's *Saturday Night Live* – he burned himself out on drink and drugs. The nature of Belushi's death was a sure guarantee that someone, at some time, would make a martyred-by-show-business movie from his life.

Here it is. And better than it might be. Michael Chiklis is an astounding Bslushi lookalike, and an act-alike to match. Around him the screen fills up with other lookalikes: of Dan Aykroyd, John Landis and company. And Ray Sharkey is our chorus figure, a supernatural taxi-driver ("My friends call me Angel") who gives Belushi, after his death, a tour of his life.

The movie's only enemy – but a major one – is its dialogue, oscillating between the pompous and the purple. "I was attracted by his inability to handle his own intensity" burbles an ex-girlfriend. "Cut the demons loose, John, cut them loose!" screams a producer, urging Belushi on to greater comic heights. And whenever the viewer settles in to enjoy the tangy and particular, Mac Earl Rauch's screenplay keeps socking him with the general and portentous. "It's not just Belushi's story, it's a story abont America" someone tells e sleuthing journalist. No, it's just Belushi's story: with a few cautionary lessons for those using the fast lane in modern Hollywood.

Meanwhile Belushi's brother James, unscarred by substance abuse or bio-pics, continues his own assault on stardom in *K-9*. Say the title aloud and you will get the movie's (only) joke. A dog is a man's best friend and a policeman's best weapon. "K-9" goes everywhere that plain-clothes officer Belushi goes. And ho-ho, our lovable Alsatian has funny things happen to him: like being put on a drip-feed in hospital after he is wounded or being driven through a car-wash when he smells. Finally the dog is seriously injured in the final showdown, and we are asked to change emotional course, reaching for our hankies as Belushi mumbles to tha world: "He's not just e dog, he's a cop." This film, witless, feebly plotted and sentimental, is not just a cop film, it's a dog.

Ariel is the week's pleasant surprise. Forth from Finland comes this sombre comedy thriller about love, crime and unemployment: a film that begins with a man blowing his brains out in a toilet and ends with "Over the rainbow" being sung in Finnish. In between, writer-director Aki Kaurismaki propels his jobless hero through a vari-coloured plot involving wanderings, muggings, a jail sentence, an escape, a bank robbery and a sourly funny finale.

All this plus the film's best component: a downbeat romance with a corruptible, none-too-glamorous traffic warden. "Is there anything I can do?" asks our hero on first meeting her, as she scribbles a ticket for his illegally-parked car. "A dinner wouldn't hurt" she says. And soon sha has thrown her cap and her job into the road and is hitching her star to society's un-uniformed victims. Dark, comic and determinedly un-moralising, *Ariel* is a minor-kay delight.

Nigel Andrews

Kenneth Branagh as Henry V

Wolf at the Door

STEPHEN JOSEPH THEATRE, SCARBOROUGH

Alan Ayckbourn, stationed in his accustomed nook at the bar of his home theatre, explained casually how he came across this translation of *Les Corbeaux* (1882). "I was collecting one of those honorary doctorate thingies at Keele University, and David Walker, the Professor of French, thrust this text under my nose."

Henry Becqne (1837-1899), whose reputation rests on this play and *La Parisienne*, is not so much a forgotten dramatist as a completely unknown one. And yet Arnold Bennett counted him the greatest realist of French drama, he was championed by Antoine at the Odéon, much admired in the Russian theatre of his day, and Professor Walker, in the programme, declares that his two major plays stand alongside tha works of Ibsen at the beginning of modern drama.

Nothing like Feydeau or Labiche, Becque comes across as an angagingly bitter and disillusioned writer, unravelling the poverty trap of a bourgeois household once the head of it, the bluff, hard-working manufacturer M Vigneron, has dropped dead of a heart attack. Buffeted by his failures as both writer and financier, Becque transforms his own tragic sense of waste into a bleak but funny landscape of domestic crisis. The resultant play, certainly in Ayckbourn's adaptation, the British première, has echoes of Ben Jonson, Chekhov and Harley Granville Barker. *Volpone* meets *Three Sisters* in *The Voysey Inheritance*.

The family assembles in Act One for a dinner party, the three Vigneron daughters, their young brother and the music teacher bubbling around the piano like figures in a Tissot painting. But Vigneron's death leaves a situation of financial confusion that is slyly manipulated by a creepy lawyer, Bourdon (Jon Strickland), and his devious associate, Vigneron's partner, the former banker Teissier (Bernard Hepton).

Vigneron has left only 50,000 francs and a series of incompleted land deals. Exactly who receives, or is owed, how much is continuously fudged by false expressions of help and sympathy, until Mme Vigneron and the girls have no money left to defend their fortune. The family is reduced to penury, but the mysterious Teissier traps the middle daughter, Marie (Robin McCaffrey), in marriage; Marie sacrifices herself for the family's economic recovery.

The eldest daughter, Judith (Jennifer Wiltsie), is denied a career on the musical stage, the youngest, Blanche (Claire Skinner), loses ber fiancé thanks to the snobbily materialist intervention of Alison Skilbeck's imperious grande dame. And throughout, Elizabeth Bell gives an exceptional performance of fluttering, tear-stained frailty as the put-upon Mme Vigneron, a victim of temperament, patronising male chauvinism and financial ignorance.

The wolf at the door is also Catiline at the gates of Rome. Becque is obviously nailing a common social phenomenon of the day, the bereaved family exploited by old associates. Tbe dramatic technique is deceptive: nothing happens for half an honr, Teissier is announced ("eyes like a fox, mouth like a monkey"), still nothing much. The process is accumulative, insinuating, and I'm not convinced that Ayckbourn's production has yet got the measure of the play's deep rhythms, its poetic groundswell. As often at this address, ths acting is sometimes too brittle.

No real complaints, though, about the overall discovery. Plans to present the piece with ths Peter Hall Company ran aground last year, but Ayckbourn has persisted valiantly on bome territory. *Wolf at the Door* continues until October 21.

Michael Coveney

Frederica von Stade

ELIZABETH HALL

It is some time since the American mezzo-soprano gave a London song recital. She has not been forgotten: on Tuesday night, the welcome was reassuringly warm, and at the end the demand for encores was clamorous.

Miss von Stade is still a lovely artist. A well-planned programme showed that her strengths are essentially those of her first British appearances, in the early 1970s, when her Cherubino at Glyndebourne and Rosina at Covent Garden won all hearts – a candidly appealing platform manner and a voice, not large in size, that in its best range remains deliciously fresh and succulent in tone quality.

It's an instrument of limpid, easy flow in low and middle registers; the opening Schubert and Strauss groups were selected to demonstrate that very virtue, and to display Miss von Stade's well-schooled approach to Lieder. "Wo ist Silvia?," "Wiegenlied," and "Geheimes" were of textbook sureness, clean-lined and smoothly sustained; when the songs - "Die Musensohn," Strauss's "Begegnung" – invited a smiling touch, a hint of twinkle or comic ruefulness, the application was prompt and effortless.

After a while I found that the singing began to lack variety. The range appears not to have widened with the passage of time and career experience, and gives the impression of excluding passion, the darker moods, anything artistically startling or risky. Miss von Stade finished her first half with the Mozart concert aria "Ch'io mi scordi di te?", K505, which taxed her both physically (her top notes tend to thin out in colour and, sometimes, body) and also, I felt, emotionally. It was an attractive performance, wall supported by Miss von Stada's alert pianist Martin Katz; at the same time, it was slightly dull.

After the interval the choice was of *mélodies* – Honegger (tbe dashing, concise short cycle called *Petit Cours de morale*), Debussy (*Ariettes oubliées*), and five Poulenc songs, in which Miss von Stade's gamin charm and ability to peal off the words with elegant dexterity were delightful.

She sings French with great distinction, yet in the *Ariettes* one noted the want of a certain rigour, the poetic distancing of singer from song that forms part of the ideal Debussy interpretation. Still, when there is so much that is unforced, true, and winning about this artist, it seems mean to complain.

Max Loppert

Boiler Room Suite

PURCELL ROOM

The South Bank's celebration of Canadian music, "Rendezvous," sponsored by the Canadian High Commission, is a mixed bag indeed, and Monday and Tuesday's segment in the Purcell Room brought performances of a fully fledged music-theatre piece.

Boiler Room Suite is essentially a chamber opera in two acts, with music by Quenten Doolittle and a libretto by Rex Deverell based upon a stage play of the same name. It was given its premiere in Banff, Alberta, less than two weeks ago, and the production is now on e short tour of Britain – after the London dates it will visit Birmingham and Wells-next-the-Sea, Norfolk.

Doolittle, US-born, but now a Canadian citizen, is professor emeritus of music at the University of Calgary. His work list appears wide-ranging. The score for *Boiler Room Suite* suggests someons with great facility and a good knowledge of operatic idiom; Doolittle himself describes it as "a synthesis of operatic traditions for contemporary audiences" which explains, I suppose the admixture of *Porgy and Bess*, Weill, Britten (*The Turn of the Screw*), Bernstein and even Maxwell Davies that appears to make up his recipe.

The boiler room of the title is the basement of a dilapidated railway hotel in which two derelicts, Aggie and Sprugg meet, drink and attempt to bring some sense of shape to their desperate lives.

As a theatre piecs, convincingly acted, it could, one imagines, achieve a kind of transcendence, a Steinbeck-like triumph of the human spirit. As an opera it fails to taka off, for the music provides no extra framework of its own – the dramatic structure whirls through a series of parodied set pieces, literal or metaphorical dances, without ever alighting upon anything that does not seem second-hand or extraneous. The production by Keith Turnbull for Banff Music Theatre, and the set by Gavin Semple do what they can.

Sprugg is sung by Chris Enns, Aggie by Fides Krucker; Kevin Power is Pete, the hotel caretaker whose appearance is the work's turning point. Peter Stanger conducts a seven-piece band. An occasion when good intentions were by no means enough.

Andrew Clements

Song recital

ST JOHN'S, SMITH SQUARE

This week The Advisory Committee on Pollution of the Sea under its President Lord Callaghan is launching a campaign to increase public awareness of the dangers in disposing of toxic waste. The charity's recital at St John's on Tuesday was devised by Graham Johnson and one might have expected that the accompanist's well-known delight in putting together thematic programmes would have tempted him into a recital of songs about the sea.

In the event temptation was resisted and thare was an attractively mixed programme. But at least the opening item was distinctly green in colour – Beethoven's *An die ferne Geliebte*, in which the poet sits on a hillside, contemplating nature in bloom, its music all sung with an incomparable sensitivity by Anthony Rolfe Johnson. How magically this tenor can seem to hold a moment of stillness and poetry in the palm of his hand.

The evening, half of German and half of French songs, was shared between four distinguished singers. On the female side the recital was graced with two beautiful voices in Marie McLaughlin and Felicity Lott. Both sounded especially lovely in the resonant acoustic of St John's, the former compact in tone and drawing vocal lines of exemplary purity in a short selection of Schubert Lieder, the latter singing out with unfettered generosity in songs to French texts.

The only other singer among the Songmakers' friends who can make as much of the French repertoire as Lott is the baritone François le Roux and, as luck would have it, he was here too. This voice may have a characteristically Frencb matt finish and the quiet singing does not come as easily as ha would like. (The end of Hahn's "En sourdine" evaporated into a rather unhappy tremulous falsetto.) But for the successful fusion of words of music in *mélodies* there are few today to touch him.

The evening ended with Felicity Lott at her most stylish and sensuous in Poulenc's idiosyncratic *La courte Paille*. There is a world of perfumed drawing-room elegance bere that Lott understands to perfection, but the cycle ends on a more rarefied note with "Lune d'avril," a post-war vision of a land where there is joy and light and where all the guns have been destroyed – a pointer, perhaps, towards a theme for other charity recitals in the future?

Richard Fairman

From the Mississippi Delta

YOUNG VIC STUDIO

Endesha Ida Mae Holland mixed with prostitutes, pimps and hustlers, many of whom ettended the ceremony of her doctorate: the triumphant climax of a late identification with the Civil Rights movement. Tbe black girl's previous largest audience – in a fairground – had been for her ability to smoke a cigarette from an orifice not usually familiar with tobacco.

This is described in the Pulitzer nominated play, as is the death of her mother, a charred body trapped in the bouse set alight by the Klan. If it sounds grim, it is also moving and heartening. There is humour (not all intelligible in the all too convincing southern accents affected by the cast of three women) and there are songs. Above all, co-directors Annie Castledine and Sue MacLennan have produced beautiful performances from the three actresses who have never baen so powerful, absorbed and unfailingly, almost instinctively, right.

The narration is passed from ona actress to another; they also share each character. Though the form is anecdotal and personal (presumably antobiographical), therefore, the implication is general. We hear of the 11-year-old's deflowering, of her mother's gifts as midwife, her drunken brothers. Intriguingly, ths Civil Richts movement is seen as sinister and frightening, heralded by dogs howling in the night, the uneasy household sensing that something momentous bas arrived. "Them there Civil Righters coming here like a thief by night" are seen by the older blacks as trouble-makers; and the predicted white reaction is terrible.

The show is too long. It ends with a litany of names that mean nothing to us and which seems to be tacked on like a postscript cramming too much information in. References to the author's child are fleeting and offhand – one would like to know more. But the production, supple, physical, stylised against a backing of corrugated iron with a jutting awning-cum-platform reached by ladders (to Iona McLeish's design) carries tremendous conviction. The three well contrasted players are Joy Richardson, all sturdy eagerness and spontaneous emotion; Josette Bushell-Mingo, gawky, comic, bursting into the ugliness of grief, and singing the haunting "Strange Fruit" beautifully; and Angela Bruce whose classic looks (a Roman empress from the southern end of the empire) contribute to a riveting presence.

Martin Hoyle

ARTS GUIDE

September 28-October 5

EXHIBITIONS

London

The Hayward Gallery. Andy Warhol – two years after his death, a comprehensive retrospective of the career of this seminal yet ambiguous and still controversial artist, since he turned to painting from graphic design in the early 1960s. Sponsored by BP. Daily until November 5.

The Royal Academy. The Art of Photography 1839-1989: in celebration of the 150th anniversary of the first practical demonstrations of the medium, this large and impressive exhibition leads the visitor through the practical developments and aesthetic variations and experiments in the use of the medium, from the work of the earliest pioneers in France, England and Scotland, up to the present. Daily until December 23.

The Royal Academy. Gauguin and the School of Pont Aven – a fascinating study of the prints made in the 1880s and 1890s by the loose society of artists that came together at Pont Aven in Brittany, of which Gauguin was the leading but not necessarily, at the time, the outstanding figure. A handful of related paintings is shown, and there are outstanding groups of prints by Emile Bernard, Armand Seguin and the Irishman, Roderic O'Conor, among several others. Sponsored by Banque Indosuez and W.I.Carr. Daily until November 19.

Paris

Musée des Arts Decoratifs. Je suis le Cahier - Picasso's sketchbooks. After two years of meandering the world over, the exhibition ends, aptly, in Paris. The 40 sketchbooks covering a period of 64 years follow closely Picasso's development. There is the almost sugary rendering of the mother and child theme next to the cruelly distorted female faces, there are all the facets of Picasso's inventive genius.107, Rue de Rivoli (42603214), closed Tue, ends December 31.

Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons. 1, R. des Fosses-Saint-Bernard. Ends Jan 14 (40513838).

The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Erected as a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only to be turned into a museum in revolutionary 1793. Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue.

Musée Rodin. A delightful 18th century townhouse – Hotel Biron – contains the life work of Auguste Rodin, whose powerful genius opened the way for modern sculpture. 77, rue de Varenne, closed Tue.

Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. It houses paintings, sculptures, *objets d'art* and photographs from the end of the romantic period to the beginnings of modern art and the impressionist and post-impressionist collections formerly in the Jeu de Paume. Entrance to the museum is at 1, rue de Bellechasse (45494814). Closed Mon.

Martigny

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-223978).

Brussels

Europalia Japan 89. Having celebrated the art and culture of Austria two years ago the Europalia turns to the east this year, bringing to Belgium the most spectacular festival of Japanese arts outside Japan. Art, music and theatrical events will be on show across Brussels over the next three months until the festival ends on December 17.

Palais des Beaux-Arts. The Human Figure: millennia of Japanese art – an overview of Japanese art from 3000 BC to the 19th century which opens Wednesday and ends November 26.

Banque Bruxelles Lambert. Japanese Buddhist Art from the Hyogo prefecture exhibits works from the 7th to 19th century. Opens Thursday, ends October 30.

Tzwern-Aisinber Fine Arts. Le Cercle des XX, late 19th century Belgian Painters. Closed Mon, Sun. Ends Oct 31.

Berlin

Bruecke Museum, Bussardsteig 9. A Franz Marc retrospective with 180 drawings and aquarelles (1880-1916) most of the German expressionist painter's works, can be seen for the first time until Oct. 29. His famous hand-coloured print of two horses, one blue coloured the other red-black, with a red, blue, yellow and green ground, was published in a luxury edition of the almanac Der blaue Reiter.

Munich

Städtische Galerie im Lehmbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to date with almost 370 works from 70 privateand public collections.

Bonn

Stadtisches Kunstmuseum, rathausgasse 7. Glanzlichter, 40 years of government support for art. This exhibition shows for the first time selected works of art from 11 centuries and attempts to present an impression of all aspects of culture during this period, with the help of government, foundations and private sponsorship. Works by Albrecht Dürer, Wolf Huber, Antoine Watteau, Heinrich Vogeler, Max Beckmann and Meissen porcelain are on display.

Vienna

Secession. The highlight of the next few weeks will be the 100th anniversary of the birth of Ludwig Wittgenstein, the philosopher, architect and craftsman who until recently had not been appreciated by his fellow countrymen. Ends October 29 and not to be missed.

Turin

Russian and Soviet Art: 1870-1930. Renzo Piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Carandente an immensely effective setting, turning the ground-floor workshops of the disused Fiat factory into the equivalent of an Arab tent. Ends October 20.

Venice

Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Pontus Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and cinema. The exhibition ends with two blown-up stills from films by Visconti and Rossellini. Ends Nov.

Mantua

Palazzo Te, Truttiere di Palazzo Te, Reggia Gonzaghesca. A vast exhibition devoted to Giulio Romano, Raphael's favourite pupil, who spent the last 20 years of his life in Mantua, producing masterpieces of architecture, painting, engraving and fresco. Ends November 12.

Florence

Forte di Belvedere. African Art: The Roots of Modern Art. One hunded and fifty sculptures, mainly in wood, produced by 66 different tribes spread through central, western and southern Africa. Ends Oct 29.

New York

Whitney Museum. A special exhibit from the museum's extensive holdings of Edward Hopper highlight the realistic painter's Paris and domestic scenes among the 150 pieces in all media. Ends Nov 5.

Chicago

Art Institute. Fixing the Shadow shadows the history of photography at its 150th anniversary. Of the millions of possible contributions, the exhibit focuses on 400 pieces by 200 photographers organised chronologically. Ends November 16.

Deborah Harry

BORDERLINE, CHARING CROSS ROAD

Among the torrent of middle aged pop stars launching themselves like Kitchener's Old Contemptibles on the UK this autumn the most welcome must be Blondie, or rather Debbie Harry, sorry, Deborah Harry, as she calls herself for this week of engagements at the Borderline, a cheerful cellar club off London's Charing Cross Road.

For a start Deb, the much pouted public face of the 1970s, still looks fantastic, like a fallen angel, like a seductive Midwitch Cuckoo, like a metallic Marilyn Monroe. She wears her 44 years as comfortably as her fake tiger skin dress. It is also good to see her performing alongside husband Chris Stein, for many years an invalid but now keeping a watchful almost paternal eye on his meal ticket as he coolly plays at a parody a guitar hero.

To add to the pleasure the Borderline is the ideal cramped setting for what was one of the first garage bands in New York in the early 1970s. The years have put Blondie into serious historical perspective: they can now be seen as the one New Wave band which managed to appeal to the disco crowd, with songs like "Heart of Glass." They were also pioneers of rap, as in "Rapture," well done this week. In the end Blondie fell very suddenly down the gap between the two schools of fans but now the hits, often written by Stein, return like school hymn tunes, familiar but fresh, and very singable.

She is here to plug a new album bnt the recent songs, apart from a penchant for slow numbers, thankfully show no musical development, and a high quota of hits – "The Tide is High;" "Call Me;" "Dreaming" etc – is played through a non-stop blistering 90 minute set.

Debbie Harry has softened up a bit. She sweats, she even moves her arms like a Thai dancer, and speaks tha odd word of encouragement to her fans. The aloof automaton has become a real woman, but still vulnerable, as in the way she reads off the lyrics even of old songs, songs like "Touched by your presence, dear," which highlight the waif behind the make np.

The band is intriguing in the American way – a hunk of a bass player performing well while perfecting a totally vacnous stare; two leather clad girls on rhythm guitar and keyboards pushing the visual quotient sky high; and a commitment to unpretentious noisy unsubtle fun, seldom found these days. The only drawback is that fire regulations limit the attendance to around 300.

Antony Thorncroft

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Thursday October 5 1989

Unloved but still needed

CIRCUMSTANCES could hardly be less propitious for the celebration this weekend of the 40th birthday of the German Democratic Republic. It long ago abandoned the claim to embody the socialist vanguard of the whole German nation. But the proposition that there is a separate East German nation is just now looking thinner and more artificial than ever.

The GDR's claim to permanence is based on a different proposition: that the current European state system, and state frontiers, are the product of too much bloodshed for it to be worth anyone's while to call them in question. That proposition does have much to recommend it and has been widely accepted – perhaps more widely west of the Elbe than east. Western governments were happy enough to accept the GDR into the family of states once their own German ally had given them the green light to do so; and most West Germans now regard closer human ties with fellow-Germans as more important than a hypothetical merger of the two states into one.Do East Germans feel differently? It is often asserted in the West that they do, and the exodus of East Germans towards the West is now adjudged as proof.

Yet the migration is not an attempt to solve the German Problem. It is the product of decisions by individuals and families to put their private interests ahead of any collective political programme. Few if any have given the division of Germany as their reason for leaving; and among those left behind those who are pressing most strongly for change are not calling for reunification. They accept the existence of the German Democratic Republic, but would like it to live up to its name.

Large majority

If a referendum were held in both states, free from any kind of political pressure, no doubt the result would be be a large majority in favour of unification. But that cannot happen. Most Germans are very well aware that the division of their country is not their affair alone: it is part of a postwar order in Europe which has kept the peace for 40 years, a keystone which cannot be suddenly removed without bringing the whole structure crashing down.

That does not mean that the structure can or should be left exactly as it is. Its weight bears much too heavily on some, and it looks increasingly vulnerable to subsidence as the opposing pressures which kept it upright have been relaxed. Everyone has benefited from that relaxation and no one wants to reverse it. So the structure needs to be modified in a way that makes it less oppressive for those underneath without alarming those who have relied on it for their security. To some extent that is already happening, through the Helsinki process and the related arms control talks.

Changing relationship

These are gradually changing the relationship between the alliances to which the two Germanies belong. But actual *unification of the two German* states would be possible only if they were first to leave their respective alliances, or if the alliances themselves were to be dissolved. Neither of those propositions is on anyone's short-term agenda. If it happened it could only be at the very end of a long process of transformation in Europe as a whole, by which time German unity might be "no longer necessary or indeed meaningful", as the West German historian Michael Stürmer has written.

Mr Honecker and his putative successors can rest assured that no one is trying to demolish the GDR unless possibly its own citizens, and they only if they are driven to it. Given the prospect of greater freedom and better economic opportunities at home, they would also share the general interest in postponing the satisfaction of their national aspirations, or seeking other outlets for them than a unified nation-state. East Germany has come nearer to making a success of a centrally planned economy than any other communist state. It can surely do the same with *perestroika*, if only it will soon start trying. By postponing the attempt it risks an explosion which could bring both perestroika and detente to a premature and tragic end.

The rebirth of planning

MR CHRIS PATTEN, the UK Environment Secretary, is moving swiftly to establish his green credentials. One of the last decisions of Mr Nicholas Ridley, his predecessor, was to grant provisional approval for the creation of a new town at Foxley Wood, Hampshire. Mr Patten yesterday reversed that decision, saying he was minded to dismiss the developers' appeal. More important, he issued a consultation paper setting out new draft guidance on planning and development. This proposes to scrap the controversial "presumption in favour of housing development" introduced by Mr Michael Heseltine in the early 1980s.

Mr Patten is not contesting the need for substantial housing development in London and the South East. Like Mr Ridley, he is working on the assumption that around 600,000 new homes will have to be provided during the 1990s. He accepts that the proportion of land in urban use will have to rise by about 1 per cent between now and the end of the century if demographic pressures are to be accomodated. But he also believes that greater attention will have to be paid to deeply felt environmental concerns. More decisions, he argues, will have to be made locally and fewer in Whitehall.

Costs distribution

Central government, says Mr Patten, can legitimately take a view about the distribution of the costs of development in the South East. In consultation with the various planning authorities, it will thus arrive at a figure for the number of new homes each county is expected to provide. But it will then be for counties and districts, in the light of local opinions and concerns, to decide how and where these requirements should be met. In future, argues Mr Patten, plans which are realistic about the overall level of development are "likely to carry considerable weight": in other words, local decisions are not going to be overturned by the Secretary of State.

The Foxley Wood decision conforms to this logic. There will be no change in the total number of houses Hampshire will have to provide over the next decade. But Mr Patten is defending the right of the county council and districts to determine the distribution of that development. In particular, he is arguing that central government should not take too rigid a view about the desirability of particular kinds of development. Many people favour the creation of new settlements such as Foxley Wood. Mr Patten's view is that they should not be foisted on unwilling communities: a development is likely to be a long-term success only when it has the backing of counties and districts.

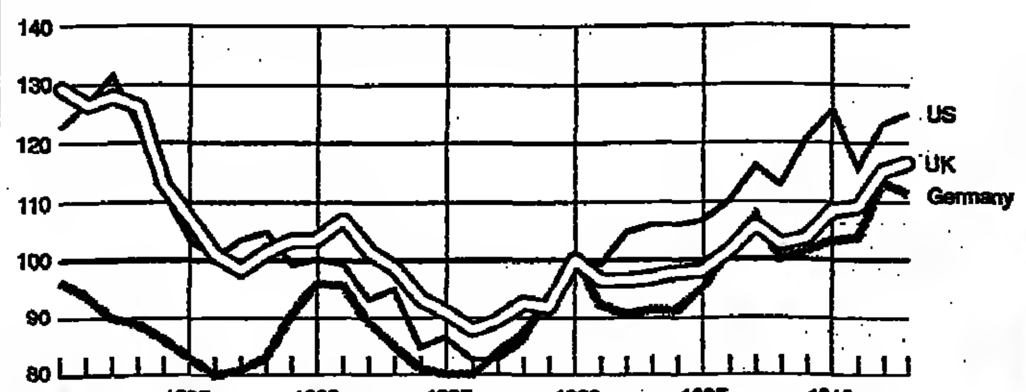
The volte face on Foxley Wood and the scrapping of the presumption in favour of housing development will be interpreted in some quarters as a craven capitulation to the not-in-my-backyard-brigade. Mr Patten, it will be said, is pandering to the selfishness of the middle classes, who do not want to share their environmental pleasures with others. Instead of confronting the country's development needs, he is cynically adjusting policy in advance of next week's Tory Party conference.

Local responsibility

Yet Mr Patten is not proposing to build any fewer houses than Mr Ridley. He cannot, therefore, be said to be anti-development. But his approach to development does appear to differ significantly from that of his predecessors. In the first place, he is making a case for increased local responsibility, something which has not been high on the Government's agenda during the 1980s. More radical still, he is defending the concept of planning, which he claims to regard as an essential tool in environmental management. The planning system, he says, is needed, to help us identify choices.

Planning has been a dirty word for so long that it seems strange to hear a minister singing its praises. But much has changed since Mr Heseltine shifted the balance of power in favour of developers. The merits of Mr Patten's prescription for environment-friendly development will not be apparent for some years. But the change of emphasis he is advocating is likely to win immediate support.

Prices under the gold standard Wholesale prices (1900=100)



Source: McKinnon and Robinson

Joseph Schumpeter

ECONOMIC VIEWPOINT

Lessons from Old Vienna

By Samuel Brittan

The distinguished Austrian economist Joseph Schumpeter had three wishes: to be the greatest lover in Austria-Hungary, the best horseman in Europe and the greatest economist in the world. He failed in the second because he moved to Harvard where there were no horses.

But Schumpeter deserves to be remembered for more than anecdotes. In contrast to economists who judged capitalism lacking in its ability to satisfy known wants with known tastes and technology, Schumpeter celebrated the role of the innovating businessman who rendered existing economic structures obsolete in a "gale of creative destruction."

You might then think that he would have become a patron saint of the New Economic Right along with Hayek and Friedman. But somehow he has never quite made the pantheon; not only because he died in 1950 before it became fashionable to celebrate capitalist achievements. I suspect that modern pro-capitalist politicians would have been quite disconcerted to meet him alive.

My suspicions were confirmed by an authoritative book on Schumpeterian Economics*. The most illuminating chapter is by Erich Streissler, who not only gives a fascinating account of the nuances of title and status in pre-1914 Vienna where Schumpeter wrote his pioneering works, but explains what it is in his doctrines that would make the respectable uneasy.

Schumpeter's views shocked members of the respectable society of his day

For – I can hold back no longer – Schumpeter believed that the inflationary effects of credit expansion stimulated economic growth, a view that was particularly shocking to the officers and civil servants who made up so much of respectable Viennese society. Schumpeter asserted that an inflation caused by commercial credit expansion was to the advantage of entrepreneurs; and that their advantage became the advantage of all groups of society through their investments which brought about economic growth.

There was some evidence to support the great man. In addition to its celebrated cultural achievements, Austria-Hungary in the early 20th century saw an unprecedented rise in business profitability – and perhaps in economic growth. Yet there was consistent consumer price inflation during those years; and the rate of credit expansion would have enraged today's financial puritans.

Other aspects of that inflation would be equally familiar and horrifying to them. In the background was a budget deficit due to the arms build-up. But Austrian industry escaped the usual crowding-out because the deficit was financed mainly from abroad.

Professor Streissler, writing in the Vienna of the 1980s, is clearly puzzled. After the experience of this century he cannot believe that prolonged or large scale inflation is anything but extremely harmful – and to far more than the pecking order in the polite salons. Yet he feels that Schumpeter had a point on the evidence available to him.

I have myself often felt that the qualities of a successful capitalist system enjoying price stability are not well represented by the more mechanistic forms of paper money monetarism, nor by rage from Conservative leaders when the underlying inflation rate rises by the odd couple of per cent in a period of rapid expansion.

The basic question is: does sound money, or the absence of inflation, mean that there should not be any changes in the overall level of prices from one year to the next? No, if you look at the matter historically.

The pre-1914 gold standard provided a more durable basis for price stability in the main economic centres of the world for at least 40 years prior to the First World War; and in Great Britain for no less than two and a half centuries. During the gold standard there was no long run inflation worth mentioning. US wholesale prices, for instance, increased by an annual average of only 0.1 per cent from 1879 to 1913.

But now comes a surprise. The variability of prices around this flat trend was greater than the variability of prices around the more inflationary trend that has prevailed since currencies began to float in 1973.

The chart explains why. The earlier flat general trend was the result of a downswing in prices averaging 2 per cent per annum up to 1896 and an upswing of comparable magnitude until 1913. Superimposed on these medium term movements were even stronger cyclical fluctuations.

Nevertheless the most important characteristics of a stable system were preserved. The best assumption a person could make, looking ahead on the basis of past experience, was that prices were as likely to fall as to rise. Thus longer term investment was made on the basis of stable prices. A breadwinner could plan for the future of his grandchildren or his business knowing that neither inflationary nor deflationary movements would get out of hand, but on the contrary would ultimately be reversed.

Because beliefs about the price level in the longer term were so heavily anchored to expectations of zero inflation, actual changes in price had little effect on nominal interest rates in the major countries. Long term rates were remarkably stable, staying around three to four per cent band.

This stability of nominal rates puzzled 19th century observers. Professor Ronald McKinnon, from whom these estimates are taken, attributes it (in the paper cited in Monday's Lombard column) to the absence of alternative liquid assets when all the main currencies were linked and offered similar inflationary or deflationary risks. I would put more weight on the short term unpredictability and long term stability of prices which made it hard to attach an inflationary premium to interest rates.

In this framework Schumpeter's mild inflationary booms fit very well. They were possible and even virtuous because of the underlying expectation that prices would return to normal, although no one knew quite when. In the meanwhile the price level could take the strain of a domestic boom, rearmament, minor wars, a crop failure or whatever else was producing pressure.

All economies need safety valves and a temporary rise or fall in the price level is a natural such outlet, so long as there is an *ultimate* monetary standard in the background. Otherwise, it would be as dangerous to disregard a little inflation as it would be to disregard a *little* pregnancy.

In the end, the world will have to move on to some new international monetary standard; and if some politicians insist on seeing this as a diminution of national sovereignty, so much the worse for sovereignty. It is moreover unlikely that such a standard will just take the form of a promise to convert pieces of paper into other pieces of paper.

At present, only fragments of such a system can be observed, for instance the currency co-operation of the Group of Seven. Critics are right to point out that such arrangements are potentially inflationary if they take the form only of intervention,

In the 19th century, prices varied about their trend more than they do now

without any parallel commitments in monetary policy or any guidelines for the system as a whole. The world economy functions as well as it does because of the devotion of two of the key countries, Japan and Germany, to price stability and their reluctance to finance unlimited US inflation.

But over the span of several decades that it will take to build an effective international system, a better safeguard is required than changeable national characteristics. A new standard will not necessarily be based on gold, but it is likely to be linked in some way to actual goods and services, either through convertibility, or at least an indexed link.

*Schumpeterian Economics, edited by Helmut Frisch, Praeger, London and New York, 1982.

BOOK REVIEW

Industry in the 1980s

A FIGHTING CHANCE
By Andrew Lorenz
Hutchinson, £15.95

There ought to be a rule against business journalists writing books about business. We in the trade know the temptations: something for the *curriculum vitae* and a better shot at immortality than last year's cuttings book. The trouble is that we lack almost all the necessary qualifications.

The journalist's material is events, and his technique narrative. At a pinch, this may do for a book on Mike Tyson's greatest fights or the career of David Owen. But for more complex topics like British industry in the 1980s, different techniques are needed. Some are technical, but most important is the historian's ability to place things in context.

Andrew Lorenz is an experienced journalist, and it shows. He has almost no capacity for generalisation, and is fatally attracted by particulars. Like most journalists, he is given to chewing over the stuff of old headlines: events like contested takeovers, which are wonderful stories on the day regardless of whethar they actually mean anything.

His thesis on British industry under Mrs Thatcher is familiar. Ever since the war, Government had intervened in industry to disastrous effect. Mrs Thatcher stopped interfering and walloped the unions instead, so everything flourished again.

The devil's advocate might reply that British industry is kidding itself: that its hard-won gains in profitability and managerial authority are essentially cyclical phenomena. Lorenz does not address the question of what might happen in the next downturn; indeed, there is little in his book to suggest that the late 1980s were a period of cyclical upturn at all.

More remarkably, he gives almost no thought to overseas comparisons, except when he is quoting others. Journalists are busy folk and have little time for original research, even if they are equipped for it. But it will scarcely do to describe operators in international markets like British Steel and GEC without considering how the 1980s have treated their foreign competitors.

Within the UK, the spirit of the decade proves difficult to define. Lorenz's exemplar is BTR – "the definitiva British company of the 1980s." We are given a minutely detailed account of BTR's takeover of Dunlop, on the grounds that this is old-style industry being swept aside by the new. More likely, it is a simple case of rotten management being replaced by professionals, as is Hanson's takeover of Imperial – also exhaustively described.

It is assumed throughout that bad management is a thing of the past. This follows from the lack of economic context, and disguises the fact that in the second half of the decade it took some kind of special talent not to produce better margins and productivity. The book does not ask what might happen to some of the more recent arrivals when the going gets rough. Lorenz sees as the successor to BTR and Hanson tha recently formed Williams Holdings. He could be right, but the stock market is less sanguine: the shares have underperformed the market by a third in the past eighteen months.

As is once more to be expected from a journalist, the style has its newspaper oddities: the single sentence paragraph, for instance, or the devices we use to introduce direct speech: "Says the ex-MD"; "Green notes"; "One insider says." Familiar, too, is the cavalier way with the direct article: "new DTI secretary Paul Channon"; "mattress-to-car seating company Dunlopillo." But let us not quibble. There are worse schools for writing than the newspaper trade, and the book is more readabla than the average academic text.

Other good points include an interesting description of how BTR works, with plenty of detail from the managers themselves. The regime is described by a former Dunlop executive: "BTR exerts a subtle kind of pressure. In the end, some of it is self-inflicted . . . You know what you've got to perform against, which you never did under the old Dunlop. Soon I was saying to my managers, I don't like any shocks, so we ran some financial rstio reports weekly. I got like BTR."

What one misses is more of the same: research behind the headlines, and – above all – the capacity to draw conclusions which might hold good for industry in the future. There is a real topic here, largely to do with the managerial class in Britain and how they perceive themselves, their status and their freedom of action. Their lot has improved radically, not only in terms of the money they have taken to paying themselves. But the phenomenon is tricky to define, its complexity illustrated by the fact that whatever effect the Thatcher revolution has had on management practice, it is not confined to the private sector.

I have in front of me a chart from the London Business School, comparing improvements in productivity in the past five years among privatised companies and those still owned by the state. There is nothing to choose between them. That sounds like an *excellent subject for a book*; as a journalist, I solemnly promise not to write it.

Tony Jackson

Propping up the pound

■ A day when the pound wobbled was an appropriate time to honour George Preston, the man who used to look after intervention policy at the Bank of England.

Preston is now 80 and retired from his final job as a member of the board of Mase Westpac last week. Yesterday he was the guest of honour at the Lombard Association, a City body that was founded in 1930 to encourage foreign bankers to meet each other. Now it has speakers like the Chancellor of the Exchequer, Nigel Lawson, and his Labour shadow, John Smith. Preston is thought to the first of the Association's own members to be honoured in this way.

He talked about "The City as I see it", but to Observer he talked about the past. His banking career started in the 1920s with the British Overseas Bank. He went to the Bank of England in 1939. After that, he saw it all: the beginnings of the Marshall Plan, the OEEC (as the OECD was first called), successive sterling crises and the beginning of the end of the Bretton Woods system.

Preston was very much around, looking after intervention policy, at the time of the 1967 devaluation. "There comes a point when you see the inevitability," he said yesterday, "and it is spitting in the wind to resist."

He declined to say precisely when he reached that conclusion himself – "it's all a political decision" – but he left the impression that it was rather earlier than 1967.

He does not think there is much wrong with the exchange rate today – "though not being pegged helps", though there are limits to intervention policy. "The right fiscal policy is essential."

Preston left the Bank in 1968 to help raise the profits of the Standard Bank. The central bank then persuaded him to *help retrieve Johnson Matthey* Bankers, and when the JMB bullion and banking business *was acquired by Westpac*, he joined the board of the subsidiary, Mase Westpac. "All my recent interest has been in gold," he said. But at 80 he "has done his stint." Not even another consultancy.

OBSERVER

Lost balls

■ William Hughes, the chairman of Grampian Holdings, was quoted yesterday as saying: "The UK and European golf ball markets were depressed by the influx of golf balls reclaimed from lakes in the US, which made trading conditions very difficult." Nevertheless, Grampian profits went up.

Wrong music

■ Observer is frequently the recipient of complaints about third parties. No objection to that – some of them are very interesting – except that one cannot pass on them all, and some of them are unreasonable.

One complaint, however, has recently come from several sources. It is about companies playing recorded music while you are waiting to speak to them on the telephone. Accountants have started to do it in a big way. The worst offender is reported to be Price Waterhouse: not because it plays the worst music, but because it tries to play the best. The trouble is that the call usually gets through during some exquisite passage on the clarinet, which is suddenly broken off.

British Airways is an offender in a different way. Many readers will be familiar with the recorded message about special offers and other irrelevant information while you are waiting to get what you want. This is now accompanied by background music: namely, the Slaves' Chorus from Verdi's Nabucco.

It seems an odd approach for BA to take to its customers.

Unctad at 25

■ There was a time was when Unctad – the United Nations Conference on Trade and Development – was seen as *the* voice valiantly upholding the cause of the poorer nations against the rich.

Its 25th anniversary came and went yesterday with little to celebrate beyond a reputation as a talking shop with a limited record of achievement.

The reason? Oswaldo de Rivero, the Peruvian ambassador in Geneva and head of the Latin American group at Unctad, said the body had become largely irrelevant because it had failed to realise that the divides between East and West and North and South had fallen apart.

More to the point is the fact that the former "South" – now far from being the unified group which could thump the table and claim more from the predatory "North" – sees a grander future in Gatt, the General Agreement on Tariffs and Trade.

It used to be argued that Gatt and Unctad should merge, or even that Unctad should take over. Fashions change: the member countries of the *former South – with rare* exceptions – are now participating in the Gatt Uruguay Round on liberalising global trade with zeal and constructive criticism not previously seen.

Light touch

■ Professor Alan Budd, once an adviser to the Treasury adviser and the former head of economic forecasting at the London Business School, is now the adviser to Barclays. He is about to embark on a tour of Barclays branches, and the bank's important customers are being invited hear him.

He may wonder what sort of people some of these customers are. In Liverpool, their invitations promise them a "light finger buffet" afterwards.

Honecker's day

■ East Germany's leader, Erich Honecker, still has at least one friend in the West. At a grand dinner in East Berlin on Tuesday he told the assembled heroes of East German socialism that he had just received a message from a world-famous publisher.

East Germany, the message ran, should be proud of its achievements on reaching its 40th birthday and could look forward to another 40 years with confidence; quite right, added Honecker.

The publisher was Robert Maxwell.

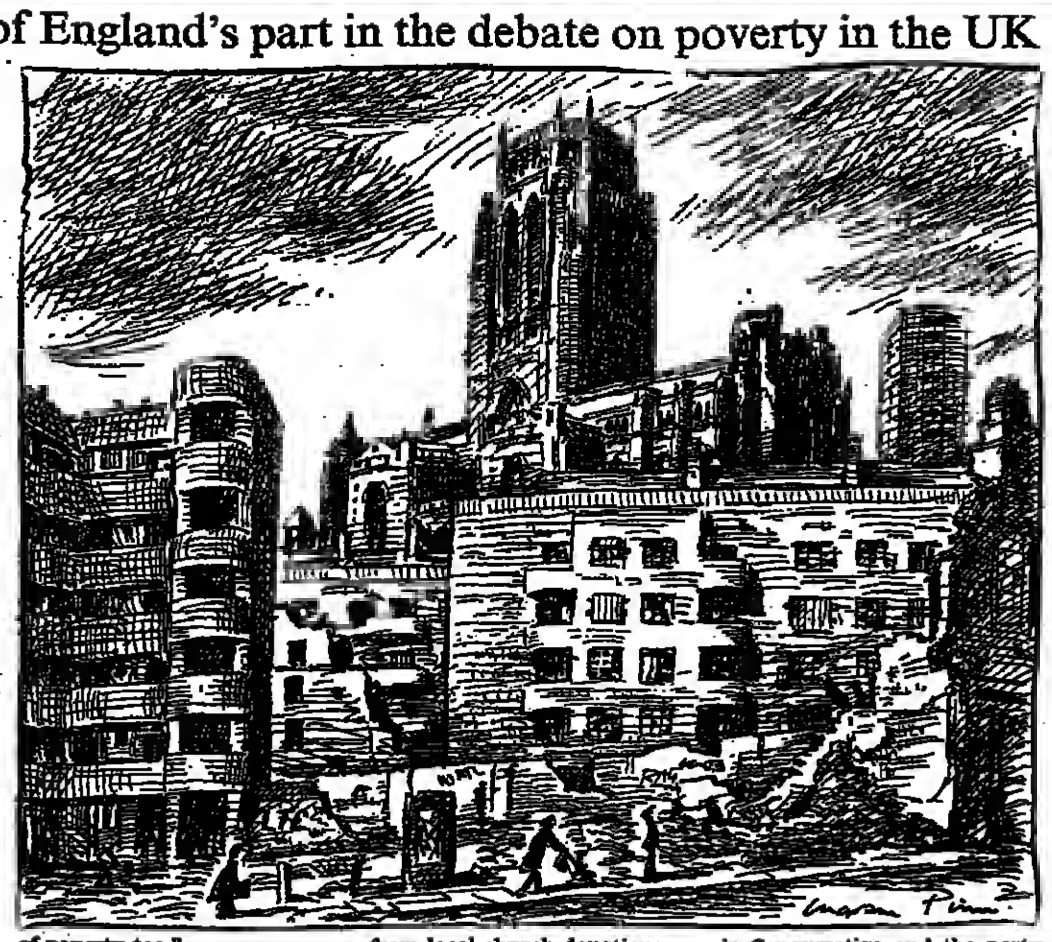
Pol Pot's lot

■ Question on the BBC 1 quiz show, Four Square, yesterday morning: "What is the Moslem equivalent of the Red Cross?"

Contestant's answer: "Is it the Khmer Rouge?"

Alan Pike reports on the Church of England's part in the debate on poverty in the UK

Faith and Pharisees in the city



Tensions between the Government and the Church of England have risen again this week with warnings by Dr Robert Runcie, the Archbishop of Canterbury, that Britain risks developing into a "Pharisee" society of self-interest.

In an interview with Director magazine, Dr Runcie pointed out that the Church had a presence in every parish, putting it in daily contact with areas where the Conservative Party had little support. This made it sensitive to the needs of those who had not benefited from 10 years of Conservative government.

Generations of clergy have worked among the poor of the big cities for as long as urban society has existed in Britain. But during the 1980s the Church of England has been approaching its mission in the inner cities with fresh zeal. The church's renewed identification with inner city problems has had a deep impact – most noticeable, perhaps not surprisingly, in dioceses like Liverpool.

Emmanuel Church, Fazakerley, five miles from Liverpool city centre, has, like many in urban areas, been adapted for many other uses. During the day it bustles with the sounds of a children's play group and an old people's lunch club. Across the road, the church's welfare rights centre advises callers with social problems.

Above the centre are the offices of the church's training agency – an official part of the Government's Employment Training scheme – which provides more than 300 trainees with painting and decorating, joinery, office, heavy goods vehicle driving and other skills. The agency has a budget of nearly £1m a year and the "team rector" of Emmanuel, the Rev Christopher Byworth, is its chairman.

In addition, there is a church-run victim support scheme to counsel people who suffer from the area's high crime rate, and a home security advice service to try to get the crime rate down.

Mr Byworth sees the time he spends on these activities as a natural part of ministering to a disadvantaged inner-city community. They supplement his spiritual duties, rather than supplant them. Congregations at Emmanuel have trebled in the six years he has been team rector and now consist of about 130 adults and 60 children, more than respectable by inner-city standards.

"I do not believe you can divide the Church's activities into either the spiritual or the material," he says. "The Church has to minister to the whole human being.

"People in Liverpool are affected by things the Government does, and bringing Christ to the community requires taking account of that. I preach about all the moral issues and believe they are of central importance, but I speak about the social and the political issues as well."

The church itself is not immune from the problems of difficult inner city areas – the Roman Catholic church near Emmanuel is surrounded by closed-circuit security cameras. But Mr Byworth believes local people – including those who are not themselves worshippers – recognise that the church has a role to play.

"My wife and I were awoken at 3 am a few nights ago by two teenage girls, aged 14 and 15, who had run away from home. The connection was that I had buried the 14 year old's grandmother two years ago. This is typical of the way people in the area sometimes come to the church when they need us.

"Clearly the area has real problems. Things like poverty are relative, and people living in inner-city Liverpool are not poor in the same sense as many in the Third World. But they are poor in relation to others who live elsewhere in the city, and this is a real form *of poverty too."*

In 1985 tbe Church of England published a report called Faith in the City, after an investigation into the problems of urban priority areas. Some senior clergy now admit that, with its references to the Government's "dogmatic and inflexible economic stance" and its calls for greater public spending, the report demanded the unattainable and helped brand the Church an opponent of Government economic policies.

But Faith in the City has had a huge impact within the Church of England, helping to put it "officially" on the side of the poor. "The Church cannot supplant the market or the state," concluded the report. "It can, as we recommend, mobilise its own resources in a way that accords high priority to the poor. It must by its example and its exertions proclaim the ethic of altruism against egotism, of community against self-seeking, and of charity against greed."

One of the practical effects of this conclusion was the establishment last year of the Church Urban Fund, a Church of England charity which plans to spend £2m a year on projects in the inner-cities. Parishes throughout the country are contributing money at a remarkable rate – more than £12m has already been raised *from local church donations.*

In the area covered by Mr Byworth's team ministry, the fund is providing £50,000 towards the £85,000 cost of converting St George's Church on the Sparrowhall council estate. The estate has no community facilities, and the church will be equipped for use as an advice centre, hall, offices for a victim support service and community worker as well as worship.

Althongh Liverpool City Council is currently planning housing improvements at Sparrowhall, the estate shows signs of severe deprivation. The application for Church Urban Fund financial snpport describes it as an area of "high unemployment, poverty, poor housing, drug abuse, crime and vandalism." Mr Byworth says that, out of the small local congregation of 25-30 who worship at St George's, only two or three have jobs and none owns a car.

He points out that the clergy are the only professionals who still live in such areas. "There is a very good doctor but he, like everyone else, travels in from outside."

In inner-city Liverpool at least, there can be no serious contest over Dr Runcie's claim that the Church is more rooted into the local community than the Conservative Party.

None of Liverpool's six MPs *is Conservative and the party* currently holds only two seats on the city council. Conservative municipal candidates in some inner-city wards do well to achieve 10 per cent of the Labour vote. A sign over the local Labour club near the Sparrowhall estate declaring that "it's better to break the law than break the poor" shows the flavour of some people's politics around here.

Church leaders like the Rt Rev David Sheppard, Bishop of Liverpool, were talking and writing about poverty and powerlessness in the inner-cities long before publication of Faith in the City. With the inner cities an issue on which the Government will have to defend its record at the next General Election, however, sermons about the plight of the modern urban poor are sometimes seen as political attacks.

The Government wants the voluntary sector to pick np more of the community work undertaken by statutory agencies and the role of local churches in this area could grow. But, as the Church of England's response to Faith in the City shows, organisations based on strong principles do not simply carry out social work. They discuss the causes of the problems as well; and that sometimes means their leaders will raise passions when they speak out.

EC-Japan trade

D-Ram dumping threatens users too

By Jürgen Knorr

Attacking the European Commission for taking *action against dumping* is popular and provides good copy; sometimes in the reporting, the facts are obscured. Thus press comment on the current case relating to Dynamic Random Access Memories (D-Rams) shows little evidence of analysis of the facts, but has nevertheless strongly criticized the Commission's action in negotiating with Japanese producers an undertaking not to resort again to dumping of D-Rams in Europe.

The facts are:

- In 1984, 1985, and 1986, certain Japanese producers sold D-Rams in Europe at prices so far below costs as undoubtedly to constitute dumping.
- By this unfair trading they established market dominance and wiped out virtually all non-Japanese D-Ram producers, *both in the US and in the* European Community.
- The Gatt explicitly condemns such damaging dumping and specifically provides for remedial action.

European D-Ram manufacturers represented by the European Electronic Component Manufacturers Association, both those who have managed to stay in this market and those who have had to withdraw, were therefore fully entitled to complain and seek protection against unfair trading.

Are there special circumstances in this case which account for the outburst of criticism?

One reason is the importance of D-Rams to customer industries. Enropean equipment makers are dependent on Japanese sources; therefore, it is argued, the damage to the European semiconductor industry should be ignored, remedial action to which it is entitled under Gatt should not be taken, and European users should remain free to buy D-Rams at dumped prices (thus increasing their dependence on Japanese suppliers who are also their direct competitors at systems/equipment level).

But this argument confuses cause and effect. D-Ram production in the EC and the US was virtually destroyed by unfair trading. This created the present dependence of users on Japanese sources and their consegnent vulnerability to *dramatic price increases.* Few informed observers would regard such dependence as healthy; most would regard it as highly dangerous.

So what is wrong with taking measures to help reduce this dependence, thus strengthening not only the European semiconductor industry, bnt also D-Ram users in the electronic equipment industry?

Users need a strong local semiconductor industry to give them an alternative source of supply, one which is not liable to be brought to its knees again by unfair trading. This will facilitate co-operation in the development of new world-competitive products; and it will mean that users need no longer rely for supplies of "leading edge" products on Japanese companies wbo are *also their direct competitors.*

Another reason for the exaggerated concern being expressed may be lack of accurate information about the undertaking and how it will operate. It is an undertaking not to sell below reference (or "fair") prices set quarterly by the Commission; it will not affect prices at all immediately, since current market prices are significantly above likely reference prices. But if and when reference prices come into play, tbe Enropean D-Ram manufacturers are concerned that their customers' costs should be kept as low as is compatible with *fair trading.* They have therefore agreed that reference prices should be calculated on the basis of average production costs for the currently lowest cost Japanese product in each density, plus a small profit margin. (The margin is far lower than would normally be acceptable in the equipment industry). This is despite the fact that the use of Japanese, rather than European, costs will put heavier competitive pressure on the European D-Ram manufacturers themselves.

Additionally the undertaking contains special provisions for new generation products to ensure that Japanese producers are not inhibited from supplying these to European equipment makers at reasonable prices.

So what will be the ultimate effect of these arrangements? While the market leader will not be allowed to sell D-Rams to Europe below its cost of production plus a modest profit margin, higher cost producers will not be prevented from selling at little or no profit; competition will not be impaired; reference prices will be reviewed quarterly so that increased efficiency can feed through rapidly into lower prices.

The European D-Ram producers have not asked for compensation for the injury done by the unfair trading whicb has been proved; they have not asked for measures such as anti-dumping duties which would be harmful to their customers; they have not asked for their market to be protected. They have asked only for a safety net whicb will prevent *a resumption of damaging* dumping, and enable them to compete with Japanese suppliers on a level footing. Given this, they will have both the opportunity and the incentive to re-establish their competitiveness and maximise their efficiency.

This must be of greater benefit in the long term to the European equipment manufacturers. All they are asked to accept is that they are not entitled to benefit from unfair trading practices by buying D-Rams at dumped prices. A balance must surely be sought between the interests of chip *users and of chip makers,* eacb of wbose success depends largely on that of the other.

If the Member States should refuse to endorse the arrangements negotiated with the Japanese under the provisions of the Gatt, non-European semiconductor makers would know that they had *carte blanche* to eliminate their European competitors by fair means or foul. European compouents manufacturers look to the governments to take a realistic view of where Europe's overall long-term interests lie and to approve the action proposed by the Commission to deal with this case of blatantly unfair trading.

The author is President of the European Electronic Component Manufacturers Association

LETTERS

Hocus pocus in focus

From Mr John C. Cahill.

Sir, As, allegedly, the most notable of the "rattled bosses" ("BAT: the lessons for corporate 'parents,'" Business column, October 2), I can well do without yet another new business theory: this time "focused corporate parenting." It is some consolation that, with *such a title, it cannot be a candidate* for longevity.

Christopher Lorenz's first lesson ("not to hang on") is well expressed, but to the wrong class. It is the shareholders, not the company, who should learn that lesson. His second lesson seems to confuse matrix management (is that theory still around?) with acquisition criteria. The third lesson develops his new theory. Presumably Mr Lorenz is not a family man. Is a parent incapable of managing a family unless the children are, for example, identical female triplets? I fear we are in for more hocus pocus about focus.

Finally, the two options proffered to *animated companies in* the UK and the US (no less) are as unimaginative as they would have been unrewarding to any investment manager seeking value for money.

John C. Cahill,
Chief Executive,
BTR plc,
Silvertown House,
Vincent Square, SW1

The Labour Party and ERM

From Mr Peter Robinson.

Sir, On October 1, John Smith confirmed that entry to the exchange rate mechanism (ERM) of the European monetary system would be an early objective of a future Labour Government. The shadow cabinet sees such a move as one way of clearly stating Labour's *commitment to lower inflation.*

There appears to be some misconception that membership in the ERM offers a relatively painless way of bringing down inflation. Yet there is no clear evidence that an exchange rate target acts directly to "discipline" pay bargainers in the way envisaged by some economists. Rather, such a target works like any other deflationary financial policy: it squeezes firms' profits and reduces employment opportunities, and in this way screws down the wage-price spiral. It is not a soft option.

The shadow Chancellor's message was also confused by a reference to entry at a "competitive" rate. Does this mean a significant one-off depreciation to DM 2.50 to the pound, followed by entry to the ERM? Or would the shadow Chancellor enter at the present DM 3.00 or close to it? If the latter, how does he propose to reduce the current account deficit?

What John Smith did not address is the central issue: can one reduce inflation without significant deflation of the economy and a rise in unemployment? Membership of the ERM is just one way of engineering the necessary deflation, and is no better or worse than a tight domestic monetary policy or an increase in taxation as a means to that end. Only a workable pay policy – if one exists – might achieve a less painful disinflation. The shadow cabinet remains silent on this issue.

Peter Robinson,
Campaign for Work,
Tottenham Town Hall, N15

Export credits

From Mr P.W. Crabb.

It was disappointing that Peter Montagnon should refer uncritically ("ECGD reforms expected to be approved soon," *September 28*) to *the argument* that the Export Credits Guarantee Department needs to be restructured to comply with new regulations connected with the Single European Market. The Kemp Review on ECGD's status confirms that there is no reason to think that the European Commission is considering the introduction of legislation to forbid state credit insurance for intra-EC business, and thus make necessary a change of ECGD's status.

Indeed, Kemp states that there "appear to be strong grounds for arguing that the European Commission has de *facto given* its approval to state support for export credit agencies as at present practised by member countries." Despite regular supposed inferences to the contrary from inside and outside ECGD, no one has yet been able to show this view to be incorrect.

We know that various parties (including many with vested interests) favour the privatisation of ECGD's insurance services group. We consider that spurious arguments are often being used to mask real motives, which include political dogma and selfish commercial interest. ECGD support is *valued by UK business. We feel* it would be a grave mistake for the Government to reduce its direct backing for ECGD, particularly at a time when every UK exporter needs maximum *support and encouragement to* help overcome this country's massive trade deficit problems.

P.W. Crabb,
Chairman,
ECGD Trade Union Side,
Export House,
50 Ludgate Hill, EC4

Security order

From Mr David Habakkuk.

Sir, The re-emergence of German unification on the political agenda, discussed in David Marsh's thoughtful article ("Treading the German tightrope," September 30) makes it imperative for West Germany's allies to present some long-term vision of a new European security order.

Already, as West Germans have come to discount the possibility of Soviet attack, talk of "armies of occupation" has been increasing. If some form of reunification is now a real possibility, Germans will inevitably be looking to a future in which their country is no longer the meeting point of vast, nuclear-armed foreign armies.

To continue to insist that, for example, the Lance missile be "modernised" is to suggest that Britain believes that, whatever the Russians do, Germany must continue indefinitely to be the focus of East-West military confrontation. Without a credible end to this, the Germans may well come to believe the central purpose of the existing security order is to keep them down.

It is natural to want to cling to the existing alliance structures as an element of stability in unstable times. But, paradoxically, stable transition in Europe may depend on NATO's ability to conceive a future in which those structures are transcended.

A big problem is that all our orthodoxies about "the threat" and how to cope with it mean that we find it difficult to conceive of security without large US armies – and nuclear weapons – in Germany. But if there is one thing that should be clear by now it is that there is no going back to the Brezhnev years. We need to ask basic questions about our security problems.

It cannot any longer be a premise of discussions of "the threat" that any answer must legitimise existing NATO doctrines and deployments. In particular, the "worst case" scenario produced by fears of Soviet instability is not for General Yazov to react to the secession of Central Asia by throwing Polish and East German troops across the Elbe. That rests on analogies with Austrian and German behaviour in 1914 which really have no relevance at all to today's Soviet Union.

David Habakkuk,
22 Homefield Road, W4

Defining the currency unit in real terms

From Dr Patrick Collins.

Sir, Nigel Lawson, speaking to the IMF in Washington, drew interesting parallels between the present state of sterling and that prevailing in the era of the gold standard. The similarities are, however, eclipsed by this glaring difference: sterling now has no real known value; it is dependent at *every minute* on the markets' fickle assessment of the Chancellor's intentions.

A system of currency convertibility in which the government defines the currency unit in real terms, has the unique advantage of harnessing market forces directly to preserving its value. Institutionally, it is unequalled. It is fair, durable, comprehensible to the public, and proof against political manipulation. After 10 years of Conservative government, company profitability has improved, but the monetary situation is still in crisis, and we are now drifting towards a Deutsche mark bloc for lack of anything better.

The Prime Minister – by resuming currency convertibility, and helping to pull the world economy out of the inflation and instability it has suffered since 1971 – would be remembered for the next century. What is she waiting for?

Patrick Collins,
The Management School,
Imperial College,
53 Prince's Gate,
Exhibition Road, SW7

FINANCIAL TIMES
Thursday October 5 1989

US refuses to rule out force against Noriega

By Peter Riddell in Washington and Michael Littlejohns in New York

THE US retains the option of using military force in Panama to end the rule of General Manuel Antonio Noriega, Mr James Baker, US Secretary of State, said yesterday as Panamanian officials accused the US of direct involvement in Tuesday's failed coup.

Mr Baker was giving evidence to the Senate Finance Committee as the White House began a formal reassessment of its policy towards Panama in the light of Tuesday's events.

Mr Marlin Fitzwater, White House spokesman, said US policy was not to use the military to intervene in Panama's internal affairs, but he would not rule out the use of military force, particularly to defend US citizens.

While most members of Congress backed the Administration's caution and refusal to intervene on Tuesday with US troops, a minority of both Republicans and Democrats was highly critical.

Senator David Boren, the Democratic chairman of the Senate Intelligence Committee, said: "For the US, with all our strength and force, to stand by – just two miles away – and do nothing and allow these people to fail. I think it is wrong."

Mr Baker said yesterday that when the coup developed, President Bush's priority was to safeguard US lives and secure the canal. Mr Baker defended the Administration's decision not to commit troops.

He said: "The US retains the option to use American forces. That option has never been ruled out. But if you're going to risk American lives, it's the president's view that you do so on your own timetable. You do so based on your own plans, at a time of maximum opportunity and advantage."

The Washington Times, which has close links to the right in the US and Latin America, yesterday quoted "Senate sources" who were briefed by US officials as saying Americans in Panama were alerted at midday on Monday and gave the rebels certain "tacit" assurances that the US Army Southern Command would back up them up.

The Administration has stressed that the US did not instigate the conp, nor was directly involved, but it has said it knew in general terms that "this sort of thing was in the works."

Panamanian officials went further. "This was simply a movement which was fostered and supported by the Government of the United States," Mr Francisco Rodriguez, Panama's provisional President, said at a UN news conference. But the rebel troops "found no resonance of any kind within the defence forces or among our citizens."

Mr Rodriguez said Panama had proof of American intervention, including photographs of US tanks which blocked the main arteries giving access to the defence force headquarters.

Panamanian officials said privately there was no present intention of taking the matter to the UN Security Council.

Gen Noriega was quick to blame Tuesday's revolt on the US. "The proof is that American troops closed access routes to the barracks, just as they closed the Pan-American Highway," Gen Noriega said on nationwide television several hours after the failed coup.

In Panama City, two coup leaders took refuge at a US Army base, the Panamanian Defence Forces said. Troops enforced a night-time curfew on streets where forces loyal to Gen Noriega quashed the second attempt in 18 months by dissidents in the military.

Panama leader Gen Noriega, surrounded by loyal troops on the steps of his command post, raises a clenched fist

Bush asks for extra $200m in Polish aid

By Peter Riddell, US Editor, in Washington

US PRESIDENT George Bush is to ask Congress for an additional $200m loan to help Poland with the restructuring of its economy, the White House said yesterday.

Mr Marlin Fitzwater, White House spokesman, said the decision to increase US aid reflscted "ths dramatic changes in Poland over the past two months."

Mr Bush has also invited Gensral Wojciech Jaruzelski, Poland's President and Mr Tadeusz Mazowiecki, the Prime Minister, to meet him in Washington.

The loan would represent ths first significant expansion of direct US economic help for Poland since the $119m in industrial assistance offered during the visit to Warsaw by President Bush three months ago. Separately, the US has agreed to provide $108m in short-term emergency food aid.

This would take the total package of US aid offered to Poland to $427m, but that is spread out over varying time periods and with different conditions

The US is urging Poland to reach early agreement with the International Monetary Fund and the new $200m loan is contingent on such a programme being signed.

The unofficial timetable for such a letter of intent with the IMF is the end of December. Poland has sought a $1bn stabilisation loan from the leading industrial countries in addition to any IMF loan.

The decision to offer the loan was agresd by President Bush's advisers as part of an urgent review triggered by the new internal situation in Poland and increasing Congressional pressure for more generous support.

On Tuesday, Democratic leaders on Capitol Hill announced that legislation would be pushed urgently through Congress to provide $887m in assistance to Poland and Hungary, the majority to the former, over the next three years. In total the administration has announced $255m to the two countries.

Mr Fitzwater said tha White House would compromise on the total aid. "We're willing to negotiate with Congress on the amount and the nature of the package," he said.

Ths Congressional package in effect supersedes a $1.2bn plan put forward by the Senate Foreign Relations Committee.

Strike brings Boeing to a virtual halt

By Roderick Oram in New York

BOEING was yesterday trying to continue aircraft production using supervisory and non-striking workers after its 57,000 members of the machinists union began a strike over pay.

The company was unable to say how many employees had switched to production jobs or how much work was being done.

But the International Association of Machinists was highly doubtful that much was happening inside ths Boeing plants it was picketing. "We represent that place wall-to-wall," a senior official said.

With no talks or mediation efforts scheduled, neither side was predicting how long the strike might last. The previous one ran seven weeks in 1977.

The machinists voted overwhelmingly against a three-year pay offer which Boeing called its best and last. It proposed pay increases of 4 per cent in the first year and 3 per cent in the second and third, rates several percentage points below inflation.

It also proposed lump sum bonuses of 8 per cent in the first year and 3 per cent in the second. The union is unhappy about ths bonuses because they are not incorporated in base pay scales or reflected in pensions and other benefits.

Boeing gave only bonuses and no pay increases in the three-year contracts signed in 1983 and 1986 because it was keen to keep overall labour costs down as it struggled with a slump in its business.

Its fortunes have rebounded in the past couple of years and it now has orders for $80bn of aircraft, encouraging the union to push for lucrative deal.

Australian pilots drop 29% pay claim

By Chris Sherwell in Sydney

AUSTRALIA'S airlins pilots said yesterday that they were withdrawing the 29 per cent pay claim at the heart of a dispute that has seriously disrupted the nation's domestic air services.

Captain John Raby, vice president of the Australian Federation of Air Pilots, said the pilots would instead seek an unspecified rise based on a 25 per cent increase in productivity.

The unexpected withdrawal of the claim brought a frosty response from the Government, airlines and trade union leadership, promptly dampening revived hopes of a breakthrough in the disruptive five-week strike. The pilots' federation said it had served a fresh claim on the airlines based on contracts the airlines are offering to newly recruited pilots.

Details of the contracts emerged this week through the Industrial Relations Commission, the country's principal conciliation and arbitration body. The Commission tried unsuccessfully last week to arbitrate in the dispute.

The airlines have since asked it to assess the contracts they are offering individual pilots in light of the national wage guidelines, which the Commission enforces and which provide for 6 per cent productivity-based pay increases.

The individual contracts require a minimum 55 hours flight time per month with overtime payments beyond that, and are said to represent a 25 per cent increase in productivity. The pilots' federation has embraced this "final position" of the airlines, but has coupled with it a demand for a "proper set of working conditions" not in the airlines' contracts. The federation has previously suggested that the individual contracts offered pay increases in line with or even ahead of its 29 per cent pay claim and last night flatly rejected suggestions that its new position represented a climbdown.

Financial Times signs agreement to print in Tokyo

Continued from Page 1

With local printing it is hoped this will gradually increase to between 3,000 and 4,000. The Wall Street Journal is estimated to have sales of about 6,500 in Japan and the International Herald Tribune about 4,500.

Printing in Tokyo will cost more than $3.2m a year. Completed pages will be facsimiled simultaneously from London to ths paper's four international printing sites: Frankfurt, West Germany; New Jersey, US; Roubaix near Lille, France; and Tokyo. The press start time in Tokyo will be 9.30pm London time (5.30am Tokyo time).

Mr Frank Barlow, FT chief executive, said that when printing began, the FT would be distributed in central Tokyo at about 9am local time on the day of publication, which would be six or seven hours before it appears in the UK and Western Europe.

The paper would, apart from a few minor changes, be the same as the international edition distributed from Frankfurt, Roubaix and New Jersey.

Contracts were signed yesterday in Tokyo. They provide for the printing of the FT by Chiyoda Sogyo, a Tokyo printing house, and for the continuation of distribution, under revised terms, by Overseas Courier Service.

Asked if the cover price of ths paper, now Y550 ($3.94) would change when printing began, Mr Barlow said: "The price won't vary merely because we print in Japan, but we may vary the price because we are giving a better service."

Chiyoda will also print papers for distribution to customers in South Korea and Taiwan.

Mr David Palmer, a deputy chief executivs of the Financial Times, said yesterday: "Tokyo is a big, big challenge in terms of covering costs and we have to show we can do it before we go on to to other print centres." Printing in Hong Kong is seen as a longer term possibility.

Japan is already the second largest source of advertising revenue for the Financial Times after the US.

Previous experience has shown that making the paper more widely available on the day of issue has increased the circulation of the international edition; the edition now sells about 90,000 papers out of a total FT circulation of 280,000.

Pravda says country unprepared for winter

By Quentin Peel in Moscow

DIRE WARNINGS were issued yesterday about lack of readiness for the coming Soviet winter, with ths authorities already making preparations for possible power cuts in many parts of the country.

The gloomy picture of fuel supply shortages, inadequate and broken heating equipment, and the danger of power cuts was published by Pravda, the day after the Supreme Soviet approved a package of emergency measures – including a selective ban on strikes in key industries – to prepare for winter.

Although the Soviet parliament refused to agree on the blanket strike ban proposed by President Mikhail Gorbachev, the deputies went a long way to imposing a tough emergency regime to stop both coal miners and railway workers from further aggravating what is already a critical situation.

The question is whether the action will not simply inflame a growing industrial militancy, instead of damping it down, with reports that coal miners of the Donbas coal field in the Ukraine are once more on the verge of strike action.

The emergency measures passed by the Supreme Soviet include instructions to the authorities throughout the country to vary shift working and factory operations "based on the available resources of electric power and power stations' capacity."

Pravda warned in a front-page editorial that "preparations for winter are being carried out extremely unsatisfactorily. The aftermath of Chernobyl, accidents... on the railways, the earthquake in Armenia and other places, and mass disruptions of law and order have taken their toll. All this has left a negative stamp on preparations for the cold season."

The Chernobyl nuclear disaster and the Armenian earthquake have resulted in reduced power supplies, the former by stopping the commissioning of new nnclear plants, and the later by forcing the closer of the main power station in the Trans-Caucasus.

Pravda added that the shortfall in coal supplies so far this year is 13m tonnes, and coal stores in regions with the bitterest winter weather – such as Murmansk, Komi, Magadan and the Buryatsk repnblic – are well below normal.

Another 20m tonnes of coal have failed to be moved from the mines by the railways.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	24	75	Dubrovnik	S	17	63	Malta	R	23	73	Rhodes	S	22	72
Algiers	S	27	81	Edinburgh	F	15	59	Manchester	C	15	59	Rio de J'o	R	34	93
Amsterdam	S	16	61	Faro	S	26	79	Manila	F	32	90	Rome	S	20	68
Athens	F	21	70	Florence	S	19	66	Melbourne	S	19	66	Salzburg	S	14	57
Bahrain	S	32	66	Frankfurt	S	14	57	Mexico City	C	25	77	San Francisco	F	9	48
Bangkok	R	31	88	Funchal	S	24	75	Miami	S	25	77	Seoul	S	22	72
Barcelona	S	22	72	Geneva	S	14	57	Milan	S	18	64	Singapore	F	30	86
Beirut		–	–	Gibraltar	S	24	75	Montreal	C	3	37	Stockholm	F	11	52
Belfast	C	14	57	Glasgow	C	14	57	Moscow	R	5	41	Strasbourg	C	15	59
Belgrade	C	13	55	Guernsey	S	16	61	Munich	S	12	54	Sydney	S	19	66
Berlin	S	14	57	Helsinki	C	9	48	Nairobi	F	28	82	Taipei	F	30	86
Biarritz	S	21	70	H. Kong	S	28	82	Naples	S	19	66	Tangier	S	28	82
Bombay	F	32	90	Innsbruck	S	13	55	Nassau		–	–	Tel Aviv	S	31	88
Bordeaux	S	21	70	Inverness	C	13	55	New Delhi	S	33	91	Tenerife	Dr	24	75
Brussels	S	15	61	Islamabad	F	33	91	New York	S	9	48	Tokyo	C	19	66
Budapest	C	13	55	Istanbul	F	15	59	Nice	C	19	66	Toronto	S	5	41
B. Aires	F	20	68	Jakarta	C	28	82	Nicosia	F	25	77	Tunis	C	25	77
Cairo	S	36	97	Jersey	S	18	64	Oporto	S	24	75	Valencia	F	23	73
Cape Town	C	17	63	Jo'burg	S	24	75	Oslo	S	11	52	Venice	S	18	64
Caracas	C	26	79	Lima	F	19	66	Paris	S	15	61	Vienna	F	12	54
Casablanca	S	24	75	Lisbon	S	28	82	Peking		–	–	Warsaw	C	10	50
Chicago	S	1	34	London	S	17	63	Prague	S	12	54	Washington	S	10	50
Cologne	S	15	59	Los Angeles	F	14	57	Reykjavik	Dr	11	52	Zurich	S	14	57
Copenhagen	C	11	52	Luxembourg	S	15	66								
Corfu	F	19	66	Madrid	S	23	73								
Dallas		–	–	Majorca	F	26	79								
Dublin	C	15	59	Malaga	S	25	77								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Bank of England intervenes on pound

Continued from Page 1

forced to withdraw an £800m tender of Treasury bills because the money market demanded too high an interest rate.

With the current level of short-term money market rates, the Bank will either have to accede to higher interest rates or scrap tomorrow's £800m tender – an unprecedented step.

The Bank faced intense selling pressure against sterling yesterday and intervened many times.

By the end of trading sterling had slipped 1.5 pfennigs to DM3.0125; it was largely unchanged against the dollar at $1.6045.

On its sterling trade-weighted index the pound was 0.3 lower at 90.9.

The Bank has always maintained that intervention can only be used as a short-term measure.

It has said in the past that intervention cannot reverse a trend in a currency but only smooth its path.

It has been hampered in its efforts to support sterling by being unable to sell the D-Mark against sterling.

This would conflict with an agreement Mr Lawson made in Washington last week to participate in efforts to drive the dollar lower.

● The West German Bundesbank will raise official interest rates to the highest level for seven years after sending a firm signal yesterday to financial markets of its wish to tighten credit. The interest rate move will be decided above all on domestic counter-inflation grounds. Page 2

THE LEX COLUMN

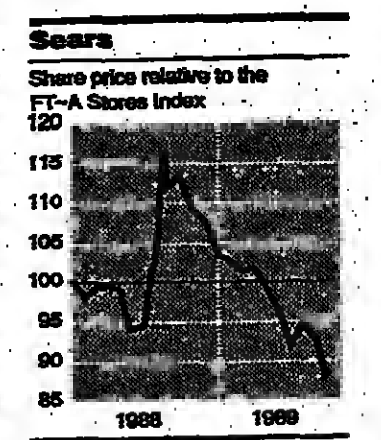
A pfennig for Lawson's thoughts

Yesterday's slither by sterling brought it to its lowest level against the Deutschemark for 19 months, as the markets debated how far – rather than whether – West Germany will raise interest rates today. The history of Bundesbank monetary policy makes a half point rise more likely; but the hints from the bank have been so broad – witness its money market operations yesterday – that the effect of such a rise could be dissipated. In purely domestic terms the rise will have little direct impact; where it will bite is in forcing other European countries to choose between increasing their rates and depreciating their currencies, either way cutting demand for German imports.

In the UK, certainly, a half point rise has already been discounted by the markets, so that the Chancellor could probably get away with leaving base rates unchanged. A full one point rise, on the other hand, might allow Mr Lawson to increase base rates and claim it was all in the cause of European unity. That would prove only a figleaf to cover his embarassment at the Tory conference, but would be better than nothing. There might be sound domestic reasons for an increase, given the potential impact on demand of a £2.8bn cut in national insurance contributions which starts to take effect today. But if the gambling Chancellor decides to hold out at 14 per cent, the Bank of England will need a large proportion of its swollen foreign exchange reserves to hold the pound above DM3.

Standard Chartered

If Standard Chartered had had the time and money to wait around for the right European partner to turn up, it would probably not have chosen Westdeutsche Landesbank. It may be the biggest public sector bank in West Germany, with a balance sheet roughly twice as big as SC's, but its merchant banking skills are not particularly obvious. Nor does it have the sort of European branch network which will give SC a real advantage over its rivals. However, given the parlous state of SC's capital ratios, £60m of extra Tier 1 capital cannot be sneezed at; and at least the transfer of SC's nnprofitable Europeau operations to WestLB solves the problem of what to do about one of the weaker parts of its business.



Although the deal is nowhere near as ambitious as the recent aborted merger of Amro and Generale de Banque, the history of this kind of banking alliance is not particularly encouraging. For the moment, the potential for disagreement about future business objectives must be outweighed by ths positive benefits to SC's balance sheet. If it can sell its headquarters and various other properties at an anywhere near decent price, its capital ratios should begin to look respectable. However, ths longer-term problems of SC's relatively weak presence in the UK persist. This deal does not alter the view that SC's long-term future would be more secure if it were part of a much larger UK-based banking group.

Sears

Sears is one of the bellwether stocks of the UK retailing sector, so a 7 per cent drop in interim earnings does not sonnd too bad, especially when it is remembered that it has a sizeable exposure to housebuilding in the South East. However, strip out the £16.3m reduction in the interest charge and the performance does not look quite so encouraging, especially since the latest period only included two months of the real slowdown in UK consumer spending.

Part of the problem with Sears is that it is hard to disaggregate its own rather pedestrian retailing performance from the effects of the general economic slowdown. A more dynamic management team, for example, might have been able to moderate the 1½ per cent decline in footwear volume by moving more aggressively to reposition the huge network of outlets. The combination of rising costs and falling volume means that the next six months are going to be tough, and only the optimists are betting on any real recovery next year. Fortunately, the balance sheet is stronger than most; but the current mixture of painfully high interest rates and unmitigated gloom on the High Street mean that the chances of Sears attracting a predator are more unlikely than ever.

Harrisons & Crosfield

Harrisons & Crosfield's decision to switch its Stock Exchange classification from overseas trader to industrial miscellaneous may come at a good time. Few companies like being called a conglomerate, but the connotations of overseas trader are worse again; and at this stage in the industrial cycle, there are plenty of investors actively keen to diversify their risk.

H & C's present clutch of bnsinesses shows cyclical diversity and no mistake: plantations and building supplies on the downswing; pigs, animal feeds and malt for the whisky trade on the upswing; and the chemicals business mixed but stable overall. The market's problem is that these opposing forces seem to add up to virtually no growth in earnings this year and precious little next.

But the other way of looking at conglomerates these days is by break-up valne. H & C's chemicals division, the chromium business in particular, might fetch a price not far short of the entire group's market value of £870m. Just now, at any rate, none of that is in the price. Instead, the shares are languishing at 160p, having just slipped out of the FT-SE at the start of this week, and are on a multiple of 9.5 or so. But if the stock is on the dull side, it is also remarkably defensive, and not only because of the new-found popularity of conglomerates; it also yields a safe 7 per cent.

Ferranti

One piece at least of the Ferranti puzzle seems to have dropped out. Tuesday's sale by STC's chairman of £1.7m worth of his company's shares clearly rules STC out of any big price-sensitive deal in the near future, whether involving Ferranti or ICL. British Aerospace looks more than ever the home-grown candidate for Ferranti's rescue.

ACCOUNTANCY COLUMN

Deloitte UK deal pushes Coopers into top slot

By David Waller

LAST WEEK this column reflected on the demise of the talks between Arthur Andersen and Price Waterhouse and predicted that the era of the mega-mergers was all but over. All but. Yesterday came the extraordinary announcement that Deloitte, Haskins & Sells' UK practice was set to merge with Coopers & Lybrand.

Barely three months ago, Mr Brandon Gough, Cooper's pugnacious chairman, publicly denounced what he termed the King Kong philosophy behind the spate of mega-mergers. Yesterday, he was able to trumpet the *Deloitte link which, if not exactly* a King Kong sort of deal, is still one that propels Coopers to the number one slot in the UK.

This is possibly the most extraordinary development in a year of merger drama and excitement among the big firms.

Not only has Coopers performed a strategic *volte-face* of firmamental proportions, but it also shows that the empire that is to be Deloitte Ross Tohmatsu – as the Deloitte/Touche Ross combination is to be known – is in fragments even before it officially exists.

Up until yesterday it had looked as though the bout of merger mania was going to be fairly harmless. The firms chatted to one another seemingly interminably, earned a certain public opprobrium for their espousal of corporate gigantism and aventually either embraced one another (in the case of Ernst & Whinney and Arthur Young) or rejected each other (as in PW and Andersen).

For all the talking, business appeared to carry on very much as usual, with very limited defections from clients and staff. But it now seems inevitable that a huge battle is about to begin, with the other big firms squabbling both for Deloitte's audit clients in the UK – and for Deloitte's member firms in countries where the Touche Ross match has not been consummated.

Mr Brandon Gough: his change of mind is not wholly remarkable

That Mr Gongh should have changed his mind is not wholly remarkable.

His embittered comments when the PW/Andersen talks were announced suggested pique rather than a whole-hearted endorsement of independence – and indeed it was widely reported that Coopers itself was on the brink of a liaison with PW, only to be snubbed by the latter's dalliance with Andersen.

Given the firm's known penchant for being number one, it was clear that many partners were none too pleased at Cooper's sudden relegation to the bottom of the Big Eight pile.

By linking up with Deloitte in this way, Mr Gough preserves his reputation for being tough and unpredictable and redeems himself in the eyes of his merger-hungry partners.

As for accusations of inconsistency between his public stance at the beginning of the summer and now, he will no doubt argue that tha Deloitte-link up is nnt a mega-merger – merely a strategic alliance in one geographical market, albeit an important one.

On their own, both Coopers and Deloittes are both strong UK firms, with aggregate fee income of £225m and £189m in 1987-88, putting them third and fifth respectively in the size rankings.

In terms of audit, both firms are broadly the same size – Cooper's generating £100m in fees from this rather dowdy activity, against Deloitte's £96m. That difference in overall size is due to Cooper's strength in consultancy – the firm is the largest of the accounting-based consultants, with fee income of £66m from this source, against the £34.4m generated by Deloittes in the area.

If the new link-up were to preserve each and every client and all its staff, it would have fee income of £414m and staff of 10,500.

There would be enviable complementarities: two strong client lists in the audit business; Cooper's strong consultancy dovetailing neatly with Deloitte's tax expertise and its corporate finance activities – an area where Deloitte, of all the accountancy firms, has achieved a degree of market pre-eminence.

In practice, there is likely to be significant upheaval among the Deloitte client base, if not among its staff. True, the Bank of England is unlikely to put its audit out to tender, and there is no reason why a clutch of fine UK-based clients such as Marks & Spencer, GUS, Liberty, Abbey National and the Stock Exchange should defect to either Touche Ross or any of the other big firms. Indeed, some of those may turn to Coopers for consultancy advice.

However, it is certain that a significant part of Deloitte's UK audit business is work referred from its US practice – now part of Deloitte Ross Tohmatsu. Into this category fall clients such as Merrill Lynch, Kohlberg, Kravis Roberts and a number of the world's largest insurance companies. Also, Deloitte in the UK serves a number of UK-based multinationals – not least of which is BAT Industries, the firm's biggest client.

Clients in both those categories will have to choose between shifting the international element of the audit to Coopers, or the UK element to Touche Ross, the UK arm of Deloitte Ross Tohmatsu.

Both of the new firms will suffer a credibility gap. Clients will wonder whether Deloitte Ross Tohmatsu is a genuinely cohesive international firm. True, firms in the US, Japan and France have come together, and those in Canada are likely to do so soon, but what about other key geographical areas, not least in continental Europe?

Moreover, clients will feel entitled to ask what is wrong with Touche Ross in the UK, given that Deloitte's UK partners were willing to go to such lengths to avoid a link-up.

After all, Deloitte, a firm that has tightened itself up after the humiliation of being rejected by PW in 1984, seems willing to be swallowed up by Coopers – a fate worse than death for many UK accountants no doubt – simply so as not to have to merge with Touche.

There will be turmoil and, under the circumstances, many clients will surely npt to put the audit out to tender. And, of course, there will be plenty of red-in-tooth-and-claw competition for the business.

Peat Marwick is there, resting on its laurels having avoided this year's merger shenanigans.

Ernst & Young will be confident, secure in the knowledge that it represents the only firm to have merged successfully this year. Price Waterhouse and Arthur Andersen will be eager to prove to clients – and to themselves – that their capacity for winning quality business in the UK is undiminished in the wake of their failure to agree a link-up.

Outsiders will look on, bemused, if not amused at the profession's antics. *Let it never be said that the world of* accountancy is dull . . .

ACCOUNTANCY APPOINTMENTS

Financial Controller

c £35,000 plus
Generous Expatriate Package

This extremely successful commodity marketing company is part of a large multinational group with well established overseas interests covering a broad spectrum of activities. Its excellent reputation for employee relations and career advancement through overseas postings will ensure the progression of this appointee.

Following a brief induction period in London, the appointee will take up an established overseas post as the Financial Controller of a key multi-million dollar business. Reporting to the General Manager, there will be full responsibility for the financial aspects of the company along with staff management and deputising for the General Manager as required.

Overseas

Candidates must be qualified accountants aged over 35 with line financial management experience. Exposure to a sophisticated computerised environment with an emphasis on costing and budgetary control is essential. Experience of expatriate service is desirable. Personal attributes must include integrity and a firm, well balanced approach to management. Interpersonal and presentation skills must be of a high order.

Please reply in confidence, to Michael Fahey, adviser to our client, giving concise career, personal and salary details and quoting ref ER206 at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

SEARCH AND SELECTION

Ernst & Young

Hoggett Bowers

Financial Director

Land Developments
North Cheshire, ***c £35,000-£40,000, Car, Profit Share, Equity Potential***

This is a newly created position in a privately owned and autonomously controlled plc. The company business is concerned with land development for substantial building projects. The business is growing rapidly and there are plans for a USM flotation within three years. The financial director will control all financial functions in the company introducing new systems where appropriate, and additionally will play an active part in the commercial activities, advising the managing director on business opportunities. A qualified accountant is required, with experience in development land matters either in public or private sector. A generous salary, benefits and relocation package is negotiable, along with equity participation for an ambitious person who relishes this type of career opportunity.
P. Foley, Hoggett Bowers plc, *St. James's Court, 30 Brown Street,*
MANCHESTER, *M2 2JF,* 061-832 3500, Fax: 061-834 8577. *Ref: M22007/FT.*

Finance Manager

Swindon, ***£30,000 Package***

With a turnover in excess of £2 billion this group are one of the recognised world leaders in the packaging industry. Reporting to the business director of their expanding general packing division they now have an outstanding opportunity for an experienced finance professional to make a significant impact in a challenging high profile role. The main responsibility will be to establish *financial parameters for the business and to report and monitor performance against these* objectives. In addition you will be fully involved in the preparation of business plans and strategies. Aged 28 or over you will have at least three years experience at the head of a financial function at a significant manufacturing site ideally in the FMCG sector. This position will involve considerable travel in the UK. In addition to the highly attractive salary the benefits also include a company car, BUPA and a generous relocation package where appropriate.
G.J. Deakin, Hoggett Bowers plc, *13 Frederick Road, Edgbaston,*
BIRMINGHAM, *B15 1JD,* 021-455 7575, Fax: 021-454 2338. *Ref: B18108/FT.*

These positions are open to male or female candidates. Please send c.v. or telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR
A Member of Blue Arrow plc

A member of the Kleinwort Benson Group

Langbourn
Property Investment Services
Limited

Finance Manager

Langbourn is a new company, launched on 1st July 1989 to continue the property asset management business of Kleinwort Benson Investment Management Limited. The staff of Langbourn are the same small team of individuals as were running the highly successful KBIM property portfolios.

Business development and profitability have been impressive with assets under management almost doubling to c. £450 million in the last two years. The company is involved in diverse activities including the management of major pension fund portfolios, property unit trusts and other commercial property portfolios. Whilst enjoying autonomy as a corporate structure, Langbourn contributes to the integrated property services provided by the KB Group.

Langbourn's activities have now reached a level such that the appointment of a Finance Manager is imperative. Key aspects of this most important role include:

* Responsibility for a wide range of finance and accounting functions.
* Systems development to include implementation of valuation database.
* Close liaison with clients, external managing agents, directors and surveyors.
* Enhancement of management information and preparation of reports for presentation to the Board.

The individual we seek will be a qualified, systems literate accountant with an interest in the property sector. The appointee will be well-educated, highly professional and hard working. Excellent presentation and an ability to communicate with (currently) systems illiterate colleagues are essential.

The status of this appointment is reflected by the attractive salary package offered, which will include a substantial performance-related bonus and executive car.

If you would like to explore this exciting opportunity in more detail, are self-assured and capable of helping to drive this business forward, please call Diane Forrester ACA on 01-831 2000 or send a detailed curriculum vitae to her at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH quoting ref. 101.

Michael Page Finance
International Recruitment Consultants

LEGAL APPOINTMENTS APPEAR EVERY MONDAY

FOR FURTHER INFORMATION CONTACT
01 873 3000

NICHOLAS BAKER X3456
DEIDRE McCARTHY X3694

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NATIONAL COUNCIL FOR EDUCATIONAL TECHNOLOGY
DIRECTOR OF FINANCE AND ADMINISTRATION
Coventry c. £23,000 + benefits

The NCET is a government-aided organisation with a staff of 80 providing a wide range of services at the interface of high technology and education and training. We seek to fill a key post in our senior management team.

This involves advising the Chief Executive on all aspects of financial policy, budgeting and resource control. Of particulars importance are the financial aspects of the Council's growing training and other commercial operations. In addition, you will have direct management responsibility for administrative teams handling budgets and accounts, personnel and general administration.

This is a creative and demanding post for a qualified accountant with a successful track record in management in an organisation with a strong entrepreneurial mission.

NCET is an equal opportunities employer. Commitment and ability to work hard are more important than age.

Write enclosing a full CV for receipt by 23 October, or obtain further information from: Dr N B W Thompson, Chief Executive, NCET, 3 Devonshire Street, London W1N 2BA (Tel: 01-636 4186, ext 222)

YOUNG QUALIFIED ACCOUNTANTS
BASED: SURREY
To £30K + CAR + TRAVEL

HOW'S THE VIEW FROM YOUR OFFICE?

No matter how impressive your current office environment, can it really compare with sitting pretty, 30,000 feet above Europe, the Far East or Africa?

This multi-disciplined British manufacturing and marketing group has a global presence and an annual turn-over of £2½ billion. Where else could you find such scope for your career?

They're looking for qualified accountants to join a small, high-achieving team based at their Corporate Headquarters but spending 50-70% of the time travelling on an international scale.

With responsibilities as diverse as profitability analysis, acquisition studies and management control and review, you'll gain considerable commercial exposure within the group as a whole. The salary is negotiable to £30,000, depending on age and experience. For those who display initiative and vitality, prospects both at home and abroad are truly outstanding.

Those interested in this unique opportunity should write to or telephone, in confidence, the Group's advising consultant: Michael Purtell, Scott-Johnson Associates, New House, 67-68 Hatton Garden, London EC1N 8JY Tel: 01-831 8847 (Fax: 831 4875).

SJ

INTERNAL AUDIT MANAGER

City *c£32,000 + car*

Due to continued growth, an exciting opportunity has arisen within a fast developing insurance group which has an international presence in the general insurance and reinsurance markets.

Reporting to the General Manager, you will be responsible for creating and establishing the internal audit function and for building a small team. Specific responsibilities will include initiating and ensuring consistency of audit procedures across group companies and will also involve other time sensitive investigations on an ad hoc basis. The role will involve an element of travel, both overseas and within the UK.

To be considered for this position, ideally you will be a qualified accountant, aged 28 to 35, with a commitment to internal audit. It is essential that you have experience within the general insurance sector, preferably with exposure to general and reinsurance accounting. You will be self-motivated with an analytical mind and will possess good communication skills. This is an excellent opportunity to become directly involved with the company's expansion plans.

For further information please write, fax or telephone ***Catherine Marsden*** *quoting reference 130273.*

MANAGEMENT PERSONNEL
25 City Road, London EC1Y 1AA
Tel: 01 256 5041 (24 hours)
Fax: 01 374 8848

Management Personnel
RECRUITMENT SOLUTIONS
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Financial Controller

LONDON, TO £35,000 + BONUS

For the UK subsidiary of an American owned architectural and design practice which, after little more than two years, already employs 50 people. The Company anticipates further expansion in the UK, and that marketing to the continent of Europe from its London base will produce rapid growth in fee income.

You will have wide ranging responsibility for the company's accounting and financial management, with a real opportunity to assist in cost control, contract negotiation and profit generation. You will report to the head of the UK practice and to the Chief Financial Officer in the USA, with prospects of a directorship in the medium term.

We would like to meet qualified accountants or chartered secretaries in their late twenties or thirties, whose commercial experience has been gained with a forward looking organisation. Alternatively you could be seeking your first move out of an accounting practice.

Résumés with a daytime telephone number to Edward Simpson. Ref: ES619, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing
Coopers & Lybrand

Director of Finance

MERGERS & ACQUISITIONS

SURREY, TO £50,000 PACKAGE + CAR AND PARTICIPATION

This new position is at the centre of a highly successful and fast expanding public Group providing diversified products and services. As a result of recent acquisitions, turnover is expected to double next year to reach £60m with further substantial expansion planned for the following years. The Group's strategy of growth by acquisitions is a key development step, thus promising an invigorating and challenging time for the person appointed.

Reporting to the Group Finance Director, a major task will be line responsibility for the crucial phase of successfully shaping and integrating acquired companies into the Group.

Prior to this step, you will be involved in the identification, appraisal and purchase of suitable companies. Other duties will include deputising for the Group Finance Director, strategic planning & analysis and business performance reviews & reporting. The position has a high profile and as such you will quickly need to establish personal credibility with the senior management team for which the prospects for your own personal career development and wealth via equity participation are excellent.

You will be a qualified accountant, probably aged around 30, with company integration and investigation skills in addition to operating unit financial management experience. Although technical and analytical competence is important your commercial flair, drive and ambition to succeed are much more so.

Résumés please, including a day time telephone number, to Chris Howorth quoting Ref: CH560, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing — Coopers & Lybrand

Develop your Accounting Career in Merchant Banking

City — £25k-£30k plus car

Our client is a prestigious UK Merchant Bank and a member of a broadly-based major European financial services group. Due to continued expansion, they are now seeking two highly-motivated graduate Chartered Accountants to strengthen their finance function.

Financial and Management Accountant

Ref: 1075/JRG/89

A high-profile role reporting directly to the Chief Accountant. With a proven record in a major practice, you will need at least three years exposure to auditing financial institutions, combined with experience of advanced computer systems. Primary responsibilities include:

- Preparing financial accounts for the bank and UK subsidiaries, and consolidated financial accounts for the Merchant Banking division.
- Evaluating monthly management information for UK trading operations.
- Overseeing the preparation of reports to regulatory authorities.
- Developing and implementing sophisticated management information systems.

Project Accountant

Ref: 1076/JRG/89

You will be a self starter with at least two years PQE, ideally in a top 8 firm, or possibly in a relevant commercial sector. This must include substantial non-auditing experience, in addition to a thorough knowledge of EDP and computerised accounting systems. Duties will include:

- Generally assisting the Finance Director on all departmental projects.
- Undertaking special finance-related projects, including work on acquisitions.
- Advising on and implementing new computerised systems, and acting as an interface between systems and users.

For both positions, our client offers an excellent salary plus substantial benefits including a quality company car, subsidised *mortgage*, *non-contributory* pension and life assurance scheme and family PPP.

In the first instance, please contact Bob Gunning, Senior Consultant, at Austin Knight Selection on 01-588 6452 (01-256 6925 evenings/weekends). Or write to him, enclosing detailed CV, at 17 St. Helen's Place, London EC3A 6AS, quoting appropriate reference.

Austin Knight

GROUP FINANCIAL CONTROLLER

A key role in a diverse, rapidly expanding group

North West £40-45,000 plus car and excellent benefits package

This newly created role offers an exceptional career opportunity within the headquarters of a substantial and diversified group (T/O c£50M) whose growth and profits record to date are impressive.

The business is currently driven by a dynamic young Board who have ambitious plans for the 1990's including an aggressive acquisitions policy.

This high profile position will provide a support function to the Group Planning & Finance Director and will involve you in every aspect of group activities. Your initial key task will be to review and project manage the implementation of sophisticated management information systems and controls.

You will work closely with senior divisional finance directors on improving systems, raising reporting standards and focusing attention on key performance criteria. Your involvement with group planning and control will be total.

To be considered for this position you will be a qualified accountant of graduate intellect in the age range 35-45. Your track record to date will demonstrate experience of developing effective systems and financial controls, working to tight reporting deadlines and operating at senior management level ideally within an environment experiencing rapid growth and development.

In addition to a high degree of technical competence you must possess excellent communications skills, have the personal presence to establish credibility at all levels and have the drive and commitment necessary to make an effective contribution within a fast moving and highly pressurised environment. Career prospects within the group are considered to be excellent.

The salary/benefits package reflects the importance of this appointment and will be negotiable in the range indicated above. A full relocation package is available where appropriate.

Interested applicants should forward a full Curriculum Vitae including details of present salary and daytime telephone number to Mary Byrne at the address below.

STARK BROOKS ASSOCIATES
Accountancy Recruitment Consultants

Suite 4, 2nd Floor, St. James's Buildings, Oxford Street, Manchester M1 6FQ. Tel: 061-236 1212/061-228 0183.

FINANCE DIRECTOR

C £35,000 + CAR + BENEFITS

A Leader in Leisure Product Development and Distribution

We are a London based subsidiary of a multi-national £1 billion turnover UK corporation specialising in the development and marketing of an exciting range of leisure products in the UK, Europe and the USA.

In line with the rapid expansion we are enjoying, i.e. a turnover of £0 to £7 million in three years, we require to appoint a Finance Director who will be responsible for the whole of the company's accounting facilities including MIS computer systems, reporting directly to the board.

We are ideally seeking a person able to portray a background and experience in line with the following criteria:-

* A qualified accountant i.e. ACCA, ACMA or ACA with a number of years experience working at a senior level within FMCG/Commercial environments.
* An understanding of the need for producting Management, Financial and Statutory Information in line with predetermined timescales.
* The ability to manage personnel engaged in supporting the company's *financial accounting* via *computer based systems*.
* The interpersonal skills necessary to work with board members as well as other levels of management and staff.

Ring our Advising Consultant MIKE THORNE now on 0444 415678, or at any time (including evenings/weekends), or send a copy of your CV to the address below. Arrangements will be made for you to attend an immediate interview at any convenient location.

LAMBLEY
PROFESSIONAL RECRUITMENT CONSULTANCY

1 Franklynn Suite, The Priory, Haywards Heath, West Sussex RH16 3LB. Telephone: (0444) 415678

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Appears every Wednesday and Thursday

For further information call

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Nicholas Baker ext 3351

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Shandwick

FINANCIAL CONTROLLER

Package up to £32,000

Shandwick plc is the world's largest independent public relations group.

Due to outstanding growth over the past few years a unique opportunity has arisen for a qualified accountant to join one of the principal UK consultancies within the *Shandwick Group*.

Reporting directly to the Managing Director, the Financial Controller will have responsibility for the financial management of the consultancy assisting in the formulation of business plans and strategies.

The constant development of management information and close liaison with directors and other senior management will also be of prime importance.

Ideally the successful applicant will be in the age range of 27 - 32 years and will have both commercial experience and a proven track record of effective man management.

WRITTEN APPLICATIONS SHOULD BE MADE TO
RICHARD MUNRO, FINANCE DIRECTOR, SHANDWICK UK GROUP
95 PARK LANE, LONDON W1Y 3TA.

Head of International Business & Operations Review

NW London — c £40,000 + car

Our client is a leading U.S. multinational involved in the manufacture and marketing of computer and communications systems. Group turnover is in excess of $330 million of which nearly three quarters is generated from their nine expanding European subsidiaries.

This is a greenfield opportunity to set up and manage a new business and operational review area, reporting to the U.S. The work will be project based with a high degree of autonomy, including the review of company-wide systems for reporting and controls, and other investigations to enhance operational performance. European travel will be essential. In return this position is recognised as ideal preparation for future senior advancement in the group.

Candidates will be qualified accountants, probably ACA, in their late 20's to 30's. You will have a strong knowledge of European reporting and practices, ideally gained in a multinational environment in a line, projects, group or audit role. As well as first class technical skills, you will be a self starter with strong commercial acumen. You will also need the confidence and interpersonal skills to effectively contribute new ideas to the business.

Please reply in confidence, quoting Ref ER205 to Judith Richardson, adviser to our client, giving concise career, salary and personal details at Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

Ernst & Young

SEARCH AND SELECTION

COMMERCIAL FINANCIAL CONTROLLER

The complete business role for the young talented Accountant

Manchester £27,000 + Car + Excellent Benefits Package

Operating at the forefront of a dynamic, high technology market, our client through acquisition and organic growth now commands a considerable worldwide market share and is the U.K. market leader in this niche field.

Internal promotion has created the need to appoint a Financial Controller to manage this £30 million turnover Northern Division. The role will be twofold requiring tight financial control of the operation along with total responsibility for bottom line performance. It will be demanding, wide-ranging and challenging. Strong emphasis must be placed upon the commercial aspects of this position as you will play a vital role in helping to achieve the profitability of the company. Exposure to the 'sharp-end' of business through close liaison and negotiation with both sales management and customers will, without question, prove invaluable experience for the successful candidate.

You will be a qualified Accountant and are likely to be aged 26-32. Outstanding personal characteristics are pre-requisite to be considered for this testing and highly responsible position. You must possess excellent communication skills and have the ability to forge working relationships with a sales team. You will be a good team player but have the confidence of character to stand alone. Having a naturally inquisitive mind you will relish the challenge of problem solving and putting forward solutions to both the sales team and customers. First-class negotiation skills, self motivation and the hunger to be a part of this progressive and exciting environment are further crucial attributes.

Future prospects make this an exceptional option for the ambitious Accountant. The salary/benefits package reflect the importance attached to this appointment and will not prove a limiting factor in the final selection process.

Interested candidates should forward a full curriculum vitae including present salary and daytime telephone number to: Karen Haygarth at the address below or alternatively telephone on 061-236-1212.

STARK BROOKS ASSOCIATES
Accountancy Recruitment Consultants

Suite 4, 2nd Floor, St. James's Buildings, Oxford Street, Manchester M1 6FQ. Tel: 061-236 1212/061-228 0183.

CORPORATE ACQUISITIONS ACCOUNTANT

An exciting challenge and high profile role in a substantial and rapidly expanding group

North West £25-£28,000 plus car and benefits package

Through a vigorous acquisitions programme and impressive organic growth our client has in recent years established itself as a well known and highly successful group with a strong North West base. Part of their current corporate strategy revolves around acquisitions outside the U.K. with particular emphasis on the EEC. This has created the need for a high calibre individual to be appointed to assist and support the Corporate Development and Acquisitions Director.

Your role will be broad based and will include:

- involvement with acquisitions from sourcing through to funding to completion
- investigation of and reporting on targeted businesses
- development of effective working relationships with legal/financial advisers, merchant banks and institutions

To meet the needs of this high profile and demanding position you will be a Chartered Accountant of graduate intellect and aged under 30. Your track record to date should demonstrate experience of corporate finance/acquisitions gained within either a large professional firm or financial institution.

You must be astute, have excellent interpersonal skills and cope well under pressure as the pace will be unrelenting. Frequent travel both within the U.K. and Europe is envisaged, therefore mobility is essential. Future prospects are excellent.

The salary/benefits package is designed to attract applicants of the highest calibre and will not prove a limiting factor in the final selection process.

Interested applicants should forward a full curriculum vitae including details of present salary and daytime telephone number to Mary Byrne at the address below.

STARK BROOKS ASSOCIATES
Accountancy Recruitment Consultants

Suite 4, 2nd Floor, St. James's Buildings, Oxford Street, Manchester M1 6FQ. Tel: 061-236 1212/061-228 0183.

Relevance Lost? Solutions Found ✓

COST MANAGEMENT CONSULTANTS

CENTRAL LONDON — TO £50K + EXECUTIVE BENEFITS

The late 1980's are developing into a watershed period for cost management. The progressive use of advanced technology and new manufacturing techniques like JIT is making traditional costing systems irrelevant to many organisations.

Recognising these issues is a good beginning, but the pressing need now is for solutions.

As one of the UK's leading firms of Management Consultants and Accountants, Coopers & Lybrand has developed a new approach, which incorporates the latest activity-based costing principles tailored to meet the individual needs of each client. It provides accurate cost analysis of products and services – giving our clients competitive advantage.

We are applying this approach internationally to a wide range of clients, including those in batch manufacturing, process industries, telecommunications, health care and financial services.

We are looking for additional consultants to work in our international centre for this service under our Director of Cost Management, Jim Brimson – one of the originators of activity-based costing.

A graduate accountant with experience gained in an advanced manufacturing environment, you may already be in consultancy. You will recognise many of the shortcomings of traditional costing. Able to communicate effectively with clients at all levels, you should have the acumen to develop practical solutions to real business problems.

The attractions of Consultancy at Coopers & Lybrand are many. In terms of professional challenge, variety and scope of career development, we offer an environment few can match.

The salary package is everything you would expect from a firm of our international standing.

Now you have a clear chance to take cost management into the 1990's with Coopers & Lybrand.

Write with full career details to Paul Eccles, Coopers & Lybrand Associates Limited, Plumtree Court, London EC4A 4HT. Please quote reference 10/16 FT.

C&L Coopers & Lybrand

PRODUCT DEVELOPMENT EXECUTIVE

FINANCIAL SERVICES

City — **to £30,000 + Car + Benefits**

Our client is a leading London-based international asset management group, with offices in a number of overseas locations.

An excellent opportunity has arisen for a dynamic and commercially orientated individual to join an expanding department of professionals, who are responsible for new product development, with a strong international flavour.

As a co-ordinator in a multi-disciplinary team, your role will encompass the creation, implementation and project control of new investment products, particularly offshore investment funds.

The ideal candidate is likely to be a graduate, aged between 25 and 29, with an accounting qualification and/or a banking background.

Strong technical and organisational skills will be required, together with the initiative and self-confidence to deal with senior management and external advisors.

In addition to an excellent salary and benefits package, which includes a company car, subsidised mortgage, pension and health scheme, the position offers genuine opportunities for advancement.

Interested applicants should telephone Susannah Truswell on 01-437 0464 or write to her, submitting a brief Curriculum Vitae, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

FINANCIAL CONTROLLER

CITY OF LONDON

TO: £26,000 + CAR + BENEFITS

Our client, is a highly successful group, involved in the design, manufacture and marketing of high quality women's fashion wear in the United Kingdom, the United States and Europe. the company has created its own disinctive look and has enjoyed substantial expansion during the last few years.

The Finance Director now wishes to appoint a new Financial Controller who will be responsible for the smooth running of the head office accounting function.

The successful candidate will be a young qualified accountant, aged in their mid 20's to early 30's who has gained good commercial experience since qualification in a fast moving, sales orientated environment.

This position also offers excellent opportunites for future career development within the group.

Please send a full C.V. with handwritten covering letter to R. N. Collier, quoting reference RN4.

Robert Neil Associates
Executive Search & Selection
Albany House, 324 Regent Street
London W1R 5AA

Chief Accountant

(Director of Finance & Administration Designate)

Central London — c£35,000 + benefits

The Partners of our Client firm, based in Londoo with a oumber of overseas offices, have identified the need for review and change in the fundameotal areas of the finance functioo within their practice.

A Chief Accouotant with the financial visioo to perceive the changes oecessary is sought. He/she should then be able to implemeot and cootrol these reviews, putting in place a system of effective finaocial management. These accounting functioos would exteod from the London to the overseas offices and some travel abroad will *therefore* be *involved. The right candidate should* anticipate a promotioo to the position of Director of Finance & Administratioo.

Candidates should be qualified Chartered Accountants, aged betweeo 30-45 years and should above all possess the enthusiasm and commitment to participate and assist in the growth of this expanding international practice.

Ioterested candidates who meet these criteria should send a detailed curriculum vitae, including curreot salary to Clare Tattersall, quoting reference LM511, at Spicers Executive Selection, 13 Brutoo Street, London W1X 7AH.

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Please send CV in confidence with telephone number for quick reply to:

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ACCOUNTANTS

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Guardian Royal Exchange is one of the U.K.'s leading Financial Services Companies with a large Head Office complex at Lytham St Annes.

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These positions offer opportunities for progression which may include transfer to other accounting units within the U.K. framework of the Group.

For further information contact, Accountancy Personnel, 15 Ribblesdale Place, Preston, Lancs. PR1 3NA. Tel: 0772 555587

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For further information contact, Accountancy Personnel, 13 Covell Court, North Street, Peterborough, PE1 2RA. Tel: 0733 558517.

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Financial Directors

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Charterhouse Square, London EC1M 6AX

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City

Our Client is the money and securities broking arm of a substaotial quoted Group, operating in all principal international markets. Significant growth of the European division has led to the decisioo to upgrade the finance function.

Joining a small and highly professional team, you will be responsible for all aspects of financial planning and control, particularly assessing performance and studying new products and potential acquisitions. You will be responsible for developing accounting at operational unit level and will work closely with directors and other senior executives at H.O. Promotion prospects are excellent.

Candidates (aged late 20's to early 30's) will be qualified Accountants (probably ACA) with experience including corporate finance or investigations work. Languages are alsmost a prerequisite (German, French or Spanish), as is a readiness to travel.

Please apply directly to Greg Ripley at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, or evenings on 01-485 7358. Alternatively, fax your details on 01-836 4942.

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RH ROBERT HALF LONDON

Financial Controller

W. London Design/Marketing

c£28,000 + Car

This is an excellent opportunity to join the management team of a highly successful organisation that has become well established within its design/marketing sector. With its high quality products sourced from the continent coupled with information-technology investment, the company has achieved rapid growth (current turnover £15m) taking it to the forefront of its specialist sector.

Continual expansion plans of the business now require the new appointment of a Financial Controller who will report direct to the Finance Director and strengthen the management team. The role will implement management controls and take financial responsibility for increased profitability and the establishment of a sound base for the future planned growth.

As a consequence candidates should be qualified chartered accountants, aged late 20's, who can bring a commercial attitude to the business with sound communication skills. Drive and enthusiasm are vital to join this progressive and lively company.

Please telephone or write enclosing full curriculum vitae quoting ref: 343 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

MANAGER - BUSINESS REVIEW

Ambitious Young Chartered Accountant
Major International Securities Company
TO £32,500 + Car + Bonus & Substantial Mortgage Benefit

Our client is the UK Subsidiary of one of the largest International Securities Companies in the world. They have expanded rapidly in London and now have a staff of over 400 people.

The growth has led to a requirement for an additional person reporting directly to the Chief Financial Officer, whose main responsibility will be to review the controls of the major revenue earnings sectors of the business which include, Securities, Gilts, Futures, Fund Management, Corporate Finance, and Merger and Acquisitions. A high level of Business Awareness and excellent communication skills are pre-requisites. The individual appointed will be a Chartered Accountant between the ages of 25 and 29 with post qualification experience of the financial services sector in practice or in commerce. The opportunities for an ambitious self starter are outstanding.

For further information in strict confidence, please contact Raj Munde A.C.A. on 01-240 1040 or forward a detailed résumé to our London office quoting reference no. 9/662, Morgan & Banks, Search and Selection plc 114 St. Martin's Lane, London WC2N 4AZ. Fax: 01-240 1052

Morgan & Banks
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Financial Controller

Deputy Finance Director
South East,
To £48,000, Car, Executive Benefits

This highly profitable multi-million pound turnover gronp in tha media and communications industry is now poised for significant expansion. Reporting to the Group Finance Director, you will assume total responsibility for all day-to-day financial activities of the main operating company and play a key role in tha strategic development of the Group. This is a creativa position which will involve close liaison with information systems personnel, with the emphasis on the continual enhancement of sophisticatad control and monitoring systems.

You will be a qualified Accountant aged 38-45 displeying an impressiva commercial background, possibly with previous experience as a Management Consultant. Essential personal qualities will include excellent communicative and interpersonal skills and the *ability to lead and motivate* a large financial team.

This highly visible role presants tha opportunity to make a vital contribution to the success of e significant PLC Group, which could nltimately lead to a directorship in the long term.

Mala or female candidates should submit in confidence a comprehensive c.v. or telephone for e Personal History Form to, *B.E. Boylan*, Hoggett Bowers plc, *1/2 Hanover Street,* ***LONDON, W1R 9WB, 01-734 6852, Fax: 01-734 3738****, quoting Ref: H33001/FT.*

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SE Home Counties **up to £40,000 + car etc**

A leading player within the consumer leisure sector, our client has developed, both organically and by acquisition, *many well-known brand names during the 1980's*. It has recently announced its new strategy, which will further develop the quality of product and service provided to its customers, thereby forming the basis of its market for the 1990's.

An essential aspect of this development will be the contribution of the Controller — Financial Planning who, reporting to the Commercial Director and leading a professional staff of 10, will be required:

- To add to the business through a pro-active input to product/business development
- To appraise and influence different products and services according to their varying needs
- To impact upon senior operational and marketing management and further develop the finance function as a driving force within the business.

As the successful candidate, you will be a Qualified Accountant and will need to demonstrate previous exposure to a commercial, preferably multibrand, enviroonment, where yon have been fully involved in the resolution of key business issues. *It is essential that you are able to evidence a history of* 'adding' to a business in addition to effectively performing a role. The opportunities to progress both within the Divisioo and the wider Group are excellent.

If you feel that yon wish to discuss the potential of this *situation further*, please write to Karen Wilson, Director at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

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DIVISIONAL MANAGEMENT ACCOUNTANT

Thames Valley c£30,000 + Car

A newly created and influential role with a major company that operates nationally in the manufacture, marketing and distribution of consumer goods.

The appointment gives responsibility for the provision of an effective and high profile management accounting support for Directors and operating units. Particular emphasis is to be placed on planning, forecasting, capital appraisal evaluation, performance review and the development of management accounting systems.

Applications are invited from qualified management accountants aged 28–38 who can demonstrate proven industrial accounting experience, strong technical ability and better than average communication skills. The successful candidate should have the ambition to progress in a dynamic environment which is enjoying profitable organic and acquisitive growth.

For further information on this exceptional career opportunity please contact **Malcolm J. Hudson.**

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Chief Accountant

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The responsibilities relating to this new role will include: financial and management accounting, regulatory and tax reporting, identification and implementation of effective control systems, liaison with external authorities, auditors and senior bank personnel and staff management.

You will probably be a graduate accountant, in your mid 30's, with general banking experience (exposure to branch accounting would be an advantage). Candidates should be bright, enthusiastic, reliable, flexible and looking to take on an interesting challenge.

Candidates interested in this exciting opportunity should contact Suzie Mummé on 01-248 3653 (01-673 2549 evenings/weekends) or write, sending a detailed CV to the address below or use our confidential fax line on 01-248 2814.
All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ **Tel: 01-248 3653**

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An integrated manufacturing subsidiary of a worldwide famous group, our clients offer a place in their management team to an ambitious young person with some experience of the manufacturing industry.

Fulfilling a broad, creative brief involving financial, systems, purchasing/materials, commercial and secretarial responsibilities you will work closely with the team to manage this highly successful small profit centre.

Whilst providing an excellent long term opportunity to develop your considerable business management potential to the highest level, our clients will look for marked inter-personal skills in the chosen candidate.

A comprehensive benefits package includes relocation expenses. The company would prefer a non-smoker.

Write, enclosing a CV to Mrs E Kitchen, Executive Recruitment Advisory Services, 2 Market Hill, Diss, Norfolk, IP22 3JZ, quoting reference no: 12/109.

ERAS

FINANCIAL CONTROLLER

YORK

Portakabin Limited and its five subsidiaries are the leading providers in the EEC of all-steel module based building systems in both relocatable and permanent form. Supported by strong financial, technical and marketing *resources and manufacturing facilities,* the *Company has an outstanding* reputation for product quality and service.

A Financial Controller is required to head up and manage the financial and accounting function within the Portakabin Group. Reporting directly to the Chief Executive as a member of the top management team, the appointee *will play a key role in the day to day running of the* Group companies and in policy setting and business development.

A prime responsibility will be to advise on the most efficient arrangements and uses of the Group financial resources and to ensure their effective management having regard to taxation, company law and other matters both in the UK and other European countries in which *the Group operates.* This will involve the operation of sound financial evaluation, control and reporting systems focussing on profit achievement and the maintenance of a strong financial structure coupled with the application of financial expertise in exploiting sales and marketing opportunities and anticipating future financial requirements.

Candidates will be qualified Accountants with a proven track record, strong technical and inter-personal skills and a high level of commitment. The position provides an opportunity to join a vigorous and financially strong Group of Companies and offers excellent future career prospects.

An attractive remuneration package appropriate to the scope and responsibilities of the position includes a company car or car allowance, entitlement to membership of a non-contributory pension and life assurance scheme and relocation expenses where appropriate.

Applications in strictest confidence to:

Roger Wood,
Personnel Controller,
Portakabin Limited,
Huntington,
York YO3 9PT.
Telephone (0904) 611655

Portakabin

REGIONAL ACCOUNTING MANAGER

NAIROBI, KENYA

c.£30,000 net

Mowlem have carried our construction projects in East Africa for over 40 years and now seek a qualified Accountant who has broad based business experience, preferably in construction.

This is a senior appointment which carries a substantial remuneration package for a candidate who wishes to build a career in a prestigious group whilst residing in an *extremely attractive location.*

Applicants with a minimum of 5 years' post qualifying experience are invited to apply by sending their CV's to:– The Financial Director, Mowlem International Limited, Foundation *House,* Eastern Road, Bracknell, Berkshire RG12 2UZ.

Mowlem International

FINANCIAL DIRECTOR DESIGNATE

A fast-growing North Sussex computer company are urgently seeking a Financial Director Designate to strengthen the existing management team.

It is envisaged the the successful candidate will be 30-35, have excellent commercial experience and the ability to assist in driving a dynamic company. The provision of management information must be a forte, and computer literacy would be an advantage, though the successful applicant will not necessary be qualified. A more than competitive package and excellent prospects (including a possible share option) will be offered to the right person.

C.V.s please to Box A1376, Financial Times, One Southwark Bridge, London SE1 9HL

Finance Director Designate

East London **£35,000 - £40,000**

Our client is one of the most reputable names in the exhibitions and display stands industry. The company has seen an 80% growth in turnover in the past three years and is keen to expand the range of services still further. It has a broad spread of subsidiaries and divisions throughout the country and now has a turnover of £24 million.

A Finance Director Designate is sought to develop further financial controls in line with the commercial growth of the company. In addition to *the traditional financial responsibilities, the* appointee will become involved in commercial aspects of the business such as assessing the profitability of deals on potential acquisitione and liaising with local government departments on potential grants. The position will also carry responsibility for staff relations.

The successful candidate will be a qualified accountant with an entrepreneurial approach and an interest in general management issues. Experience of a commercial role in the services sector is essential and you should be able to demonstrate a dynamic and ambitious personality.

As well as the basic salary, an executive car, pension contribution, private health care and a *performance related bonus will be offered.*

If you feel you have the necessary skills and experience to succeed in this role, please contact Kelly Iriondo in confidence at the address below, quoting reference SHA 1367.

Stoy Hayward Associates

MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA

A member of Horwath International

Financial Director

North West England *Salary c. £45,000 + benefits*

Our client is a major privately owned international chemicals group, with global turnover in excess of $1.5 billion. The group is expanding its European operations which include a UK subsidiary based in NW England. Turnover is expected to reach £80 million during 1990. Expansion will take place throughout Europe by organic growth, acquisition and joint venture.

The Financial Director will work closely with the Managing Director of the UK-based subsidiary, and assume responsibility for all aspects of the company's affairs, particularly the development and maintenance of reporting systems and process costing. There will also be an involvement in investment appraisal, acquisitions, foreign currency management, relationships with bankers and professional advisors and a full company secretarial role.

He or she will also work with the Senior Vice President (Europe) on strategic financial issues relating to the developing European operation, for example acquisition appraisal and negotiation, invesment appraisal and currency management.

Candidates will be qualified accountants, educated to degree level, with experience in sophisticated accounting systems, process-based costing systems and US reporting requirements. Experience of currency management and investment analysis would be an advantage, as would a track record in the chemicals industry.

A prime requirement is the willingness to work as a member of the management team to develop accounting and costing systems, and to integrate successfully into an international organisation.

Please reply in strict confidence, with details of age, career and salary progression and education and qualifications to Caroline Dunk, Deloitte Haskins & Sells Executive Selection Group, Cloth Hall Court, Infirmary Street, Leed LS1 2HT. Please quote reference FT/7185 on both envelope and letter.

Deloitte Haskins+Sells

EXECUTIVE SELECTION

CSE

FINANCIAL CONTROLLER

Oxford **from £32,500 + car**

CSE Aviation owns and operates Oxford airport. Its main trading activities are fixed wing and helicopter pilot training, aircraft sales, maintenance and repair, aircraft operation and management, helicopter charter and aviation engineering training.

The Company's standards and services are highly regarded within the international aviation industry. Over the last 25 years, CSE has trained 6,000 students for more than 80 of the world's airlines. 450 people are employed in the various divisions and turnover is c£25m.

Strong financial management and planning is *crucial to these very different, albeit related,* business activities. Reporting to the Financial Director, this key appointment carries full responsibility for the financial affairs of the operating divisions, working within a small senior management team. There is considerable commercial involvement. Computerised systems are well established on a multi-terminal IBM S38.

Candidates must be qualified, commercially aware and used to managing in a broadly based business. They must have the *confidence and communication skills quickly* to establish rapport and influence with the executive team. A mix of financial and management accounting experience is sought and some treasury experience will be useful.

CSE is a dynamic business with exciting prospects including the development of pilot training operations in the US. To apply, please send a cv., noting current salary, to Mike Smith, quoting ref: C/71.

KPMG Peat Marwick McLintock

Executive Selection and Search

Abbots House, Abbey Street, Reading RG1 3BD

Director — European Taxes

West London, Middlesex

(Near Heathrow Airport)

Excellent salary + Car + Benefits

To meet the challenge of a rapidly expanding and highly developed European market, our client is seeking a dynamic tax specialist to become Director — European Taxes. This high profile position involves principally advisory and consultancy work and reports back to the U.S. parent directly to the Director — International Taxes. Responsibilities will include:

- Recognising, developing and communicating strategies designed to minimise the foreign tax liabilities related to the operations of and distributions from the corporation's European subsidiaries;
- Overseeing, coordinating and liaising with external tax advisors on compliance activities, tax audits and special European tax projects;
- *Maximising tax efficiencies through implementation of restructuring and rationalisation strategies;*
- Analysis of and participation in potential acquisitions and divestitures; and
- Identification and implementation of tax planning opportunities for all of the corporation's European subsidiaries.

For this highly demanding and autonomous role potential candidates should be self-motivated decision-makers with technical flair, preferably with ACA/ATII qualifications, and a minimum of 4 years' corporate tax experience gained within either a professional or commercial environment. This is an ideal opportunity for an innovative self-starter to carve out a special niche within a highly prestigious U.S. corporation. For an appointment at this level, there will be the opportunity for international travel, and financial rewards commensurate with experience.

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For further information and an initial discussion please telephone Kate Bielby or Sarah Jemison on (01) 583 0073 (Day) or (01) 223 4176 (Evenings & Weekends). Fax (01) 353 3908. Alternatively write to Kate Bielby at 16-18 New Bridge Street, London EC4V 6AU. All enquiries will be treated in the strictest confidence.

BADENOCH & CLARK
recruitment specialists

Financial Controller

MANCHESTER, TO £30K + BONUS + CAR

The UK sales and marketing company of a major computer manufacturer comprises a number of business units that focus on key industry sectors. Two of these are now being merged to form a major commercial entity with turnover in excess of £150 million and some 650 staff.

The restructuring has created the need for a senior manager to provide a financial planning and accounting *service to the unit. Responsible for* a small team, you will have a wide role that encompasses both the preparation *of financial plans,* budgets and forecasts, and the reporting and *monitoring* of financial results and trends. In particular, you will be expected to ensure that the accounting systems and processes are *developed* to the highest professional standards and to meet the changing needs of the business. A priority will be the successful *integration of the finance functions of* the two business units.

This is an excellent opportunity for an ambitious graduate accountant to join *a substantial multinational organisation,* where management development and progression are given high priority. You will be in your late 20's or early 30's, with several years post qualification experience gained in a senior financial role in commerce or industry.

Résumés please, including a daytime telephone number and an indication of present salary, to Peter Jones, Coopers & Lybrand Executive Resourcing Limited, Abacus Court, 6 Minshull Street, *Manchester, M1 3ED, quoting reference* P189.

Executive Resourcing **Coopers & Lybrand**

Finance Director

Manufacturing

New post with general management potential

To £35,000 inc bonus + car : West Midlands

A major subsidiary in a fast expanding acquisitive plc, our client is involved in specialised manufacturing activities for home and overseas markets with exciting plans for further development. The company has embarked on a plan to enhance the finance and information technology functions to meet the expansion of the business.

Candidates, ideally aged between 30 and 35, must be qualified accountants with a proven record in manufacturing industry. Communication skills and the potential to move towards general management are essential.

The remuneration package will include a profit related bonus, quality car, BUPA, pension scheme and, where applicable, relocation assistance.

Please write – in confidence – to Andrew Russell, Ref. 76568 with full career details. MSL International, Centre City Tower, 7 Hill Street, Birmingham B5 4UA.

MSL International

Financial Controller

East Midlands **Circa £30K + benefits**

- **OUR CLIENT** is a long established, quoted group whose principal activities include housing, construction and property development. The group has a turnover of circa £160 million and has an exceptional record of growth and profitability.
- **A FINANCIAL CONTROLLER** is required to work with the Group Finance Director and be responsible for head office staff providing accounting services to the rapidly expanding commercial division which includes construction, property and other developing activities. It will involve close liaison with group and subsidiary staff as well as auditors, legal advisors, bankers, insurance brokers and pension advisers. It is an opportunity to join the top management team of a successful, major quoted group and to participate actively in its further growth.
- **CANDIDATES** should be qualified accountants, ideally ACA/CA, aged around 30, with experience of a range of larger audits and several years in industry, preferably in the construction/property development sectors. Ideal experience will include line management of an accounts department, consolidation of group accounts in a public company, involvement and interest in taxation and treasury. In personal terms, the candidate will be enthusiastic, ambitious, sound in judgement and with the ability to work independently.
- **REMUNERATION** package will include attractive basic salary, performance bonus, share options, company car and other benefits normal to a major group.

Please write in confidence, enclosing full career details, quoting ref. S/1008, to: Mark Stroud, WBH Human Resources, Alliance House, 63 St. Martin's Lane, London WC2N 4JX.

University of London
The London School of Economics and Political Science
INSTITUTE OF MANAGEMENT
Chair in Management

Applications are invited for the above newly established Chair at the London School of Economics. The holder of the Chair will act as Director of the School's new Institute of Management and will be expected to play a key role in the setting up and development of the Institute. Drawing on the School's strengths in the social and human sciences, the aim of the Institute is to provide a focus in the School for the careful and serious study of management, with particular emphasis being given to its international aspects. The Institute will undertake and co-ordinate undergraduate and postgraduate teaching, research and short courses in the area of business and management studies. Applications are welcome from candidates in the social sciences with interests in any area of management who would be interested in leading this new initiative.

Further particulars for this post are available from the Staffing Officer, The London School of Economics and Political Science, Houghton Street, London WC2A 2AE. Applicants should submit eight copies of a full curriculum vitae together with the names of three referees to the Staffing Officer, London School of Economics and Political Science. Closing date for applications 20 November 1989.

Financial Accounts Manager

South Hertfordshire **c£28,000 + Car + Benefits**

Our client, a major force in the electrical retailing business, is an integral part of an impressive international group turning over in excess of £3 billion and employing over 64,000 people around the world.

Following recent reorganisation the need has arisen for a Financial Accounts Manager at their Head Office. Reporting directly to the Financial Controller you will be responsible for the management of the financial accounting function including a significant number of *staff, not all at the same location.*

Although a sound technical background is necessary, the role requires mature candidates with proven management, communication and administrative skills with an analytical approach to problem solving.

Knowledge of EPOS, although not a prerequisite, would be an advantage.

Ideally, candidates should be qualified accountants, aged 28-35, currently in managerial positions within a retail or service environment, yet still seeking further challenge and responsibilities. Prospects, being part of an international group committed to individual development and progression, are extremely attractive.

In the first instance, interested applicants should write to Helen Wallis at Michael Page Finance, Centurion House, 136-142 London Road, St. Albans, Herts AL1 1SA enclosing your current Curriculum Vitae. Alternatively, contact her on (0727) 65813.

Michael Page Finance

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FINANCIAL CONTROLLER/ FINANCE DIRECTOR DESIGNATE

NORWICH — **28K + Car + Profit Share**

Start-rite Shoes, the long established shoe manufacturer with a £20m turnover and an expanding retail subsidiary, seeks a fully qualified, commercially minded accountant - probably aged 30/40, with experience of producing financial and management information to tight deadlines and with a sound knowledge of computer based accounting systems.

The successful applicant, as well as being responsible for monthly management accounts, budgets, cashflow forecasts and the development of the financial and cost accounting systems, will be an active financial manager and will be able to contribute significantly to future policy as an integral member of a small but successful management team.

Apply in confidence with full CV to:

The Secretary,
Start-rite Shoes Ltd.,
Crome Road
NORWICH NR3 4RD

Financial Managers

Attractive Package — Midlands/International

Excellent opportunity for young Graduate Accountants to join the fast track in a leading UK engineering and service multinational.

THE COMPANY

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◇ Strong emphasis on financial management throughout Group.

THE POSITION

◇ Initial placement in a substantive role in corporate finance, treasury or central finance function.

◇ Early progress into senior financial appointment in corporate centre or in operating companies.

QUALIFICATIONS

◇ Exceptional business/economics graduates with accounting qualification.

◇ Excellent record of post-qualification achievement either in profession, industry or the City.

◇ Strong technical and inter-personal skills, drive and ambition to achieve early senior responsibility.

◇ International Mobility.

THE REWARDS

◇ Competitive base salary with excellent fringe benefits including fully expensed car.

◇ Outstanding prospects.

Please reply in writing, enclosing full cv,
Reference BH3790.
Bennetts Court, 6 Bennetts Hill,
Birmingham B2 5AF

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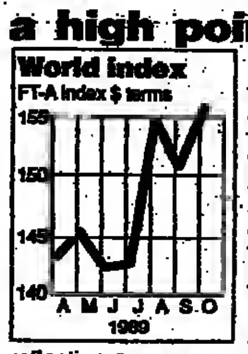
FINANCIAL TIMES

COMPANIES & MARKETS

Thursday October 5 1989

INSIDE

The world hits a high point



Not since the first quarter of 1988 — the recovery quarter after October 1987's crash — has tha world index been so buoyant. In local currency terms it climbed 8.9 per cent, well up on the 2.9 per cent advance in the second quarter. The best performing region was the Pacific (*excluding Japan*), reflecting a recovery of confidence after the Tiananmen Square massacre in China in June. Page 44

Sammi makes good

When Sammi Steel of South Korea launches a bond with warrants in the Euromarkets thie month, it will have achieved its ambition of becoming the largest speciality steelmaker in the world. This year it bought three subsidiaries of Canadian Rio Algom — the first international acquisition by a South Korean company —, and now the $50m bond with warrants will be also be a first for the country. Page 22

China's empty coffers

Chinese farmars were paid for last year's harvest in IOUs, and the aame may happen this year, because, says one western diplomat, "the Government does not have sufficient funds to buy all the grain it has contracted for." Thera is concern that this year the farmers may refuse to hand over the crops unless they are paid in cash. Page 32

AFBD fights its corner

The Association of Futures Brokers & Dealers may feel that life is being tough on it. Having just completed a largely successful drive to rid the commodities business of most of its more dubious operators, a question mark hangs over its ability to surviva as an independent entity. Such controversy has made the usually quiet annual election campaign for seats on the AFBD's council noisy. Page 26

H&C cautious at halfway stage

The UK's Harrisons & Crosfield, which has been moving out of plantations and commodity trading into chemicals, timber, building supplies and agricultural products, announced an eight per cent increase in pre-tax profits for the first half yesterday. Mr. David Hopkinson, chairman (left), spoke in cautious tones: "*In the second half of the year profits ara unlikely to advance at a significantly faster rate.*" Page 28

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Aachener Mnch	920	+	18
Allianz	2238	+	68
Daimler	785.5	+	14
Deutsche Bank	687	+	6.5
Falls			
Karstadt	675	–	13.5
Preussag	301.5	–	7.5

PARIS (FFr)

Rises			
BNP (C I)	434.9	+	26.4
CFF	1200	+	84.6
Euromarche	4220	+	221
Falls			
Sefip	382	–	13.5
Eurotunnel	57.8	–	5.2
Maisons Phenix	78	–	4.7

NEW YORK ($)

Rises			
Esselte Bs Sys	42⅝	+	4¾
Fed Nat Mtg'ge	134¾	+	2⅝
IBM	107⅛	+	1½
Sun Micro	17¾	+	2⅜
Falls			
Connaught Bio	30⅝	–	1⅞
Philip Morris	170⅞	–	1

TOKYO (Yen)

Rises			
Kanto Spec Stl	1660	+	200
Tatsumura Seni	1480	+	200
Yoshimoto Kgye	2060	+	280
Falls			
Kitano Cnstr	1580	–	120
Miyazaki Bk	1000	–	80
Utoku Express	2490	–	260

New York prices at 12.30.

LONDON (Pence)

Rises			
BAT Inds	845	+	13
Dalgety	436	+	12
Grand Met	604	+	6
Jaguar	633	+	34
Maunders (J)	90	+	5
Meyer Intl	390	+	6
Falls			
Amstrad	82½	–	3½
BPB Inds	253	–	9
Brit Aerospace	620	–	5
Eurotunnel Uts	560	–	40
Gen Accident	1068	–	13
Glynwed Intl	277	–	11
Grampian	195	–	21
Hay (Norman)	140	–	15
ICI	1235	–	12
Lucas Inds	669	–	10
STC	329	–	13
Shield Group	42	–	6
Whitbread A	375	–	6

Amersham moves to double market share

By **Jane Fuller** in London

AMERSHAM INTERNATIONAL, the UK-based health care and medical products group, is to become the largest player in the world market for radio-pharmaceuticals – imaging agents used in medical diagnosis.

The company announced yesterday that it had agreed in principle to acquire Medi-Physics from Switzerland's Hoffman-La Roche for $61.25m. Mr Stuart Burgess, chief executive, said that Amersham will double its share of the £300m ($480m) world market for radio-pharmaceuticals to about 25 per cent.

As part of the deal, Roche will take a 5 per cent shareholding in Amersham, which in 1982 was the first company to be privatised by Britain's Conservative Government. Last year, the Government redeemed its "goldan share" which protected Amersham from takeover.

Medi-Physics, based in the US, had unaudited sales of $53.2m in 1988 and made an unaudited loss of $7.4m. "Medi-Physics had been expanding perhaps rather more aggressively than it should have done," Mr Burgess said.

Roche has instituted economies that should bring the operation to break-even by the time Amersham takes it over at the end of December. It is expected to be in profit next financial year.

The acquisition of the company, which has unaudited net assets of $63.2m, will be paid for by an issue to Roche of Amersham shares representing about 5 per cent of enlarged share capital at 460p per share, $30m of three-year loan notes and $12m in cash.

Medi-Physics has the facilities to manufacture a wide range of radio-pharmaceuticals. The raw materials for these products are made either in cyclotrons (particle accelerators), of which Medi-Physics has five and Amersham three, or in small nuclear reactors, Mr Burgess said.

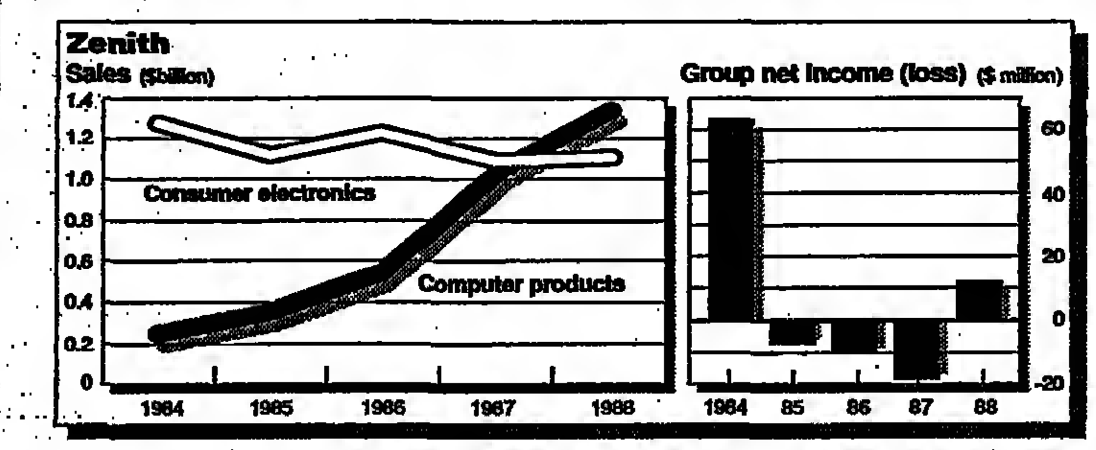
Medi-Pbysics has a 5 MW research reactor at Sterling Forest in New York. Although this will operate as part of Amersham, it could take five years to receive US regulatory approval for the formal transfer of ownership of what is believed to be the only commercial nuclear reactor in the US.

Tha US company, which employs abont 700 people, has other manufacturing centres at South Plainfield, New Jersey, and Arlington Heights, Illinois. It also has a chain of pharmacies – a new departure for Amersham. However, these outlets are specifically for the dispensing of radioactive products to hospitals.

The move will increase Amersham's access to the valuable North American market.

Ms Carolyn Glynn, an assistant vice president at Roche, said that radio-pharmaceuticals had been a very small part of the drug company's business.

It would, however, be a "strong fit" for Amersham, which is already a leader in radio-pharmaceuticals, a field Hoffman-La Roche is quitting through this sale. The Swiss group is keeping the home health care Roche Professional Service Centres.



It's off with the new and on with the old

Roderick Oram explains why Zenith of the US decided to sell its successful computer business and stick with TV manufacturing

Down at the nadir of US television manufacture, Zenith the sole US survivor in a business dominated by foreign competitors, believes the only way is up.

Earlier this week it took a huge gamble on its future agreeing to sell its computer business for some $635m to Groupe Bull of France in order to re-devote itself to televisions, a business that has come close to killing it during the 1980s.

Ten years ago when Zenith paid $60m for Heath, a maker of assemble-it-yourself electronic gadgets which had just introduced a crude computer kit, the grand strategy was supposed to work the other way around.

From this humble start, Zenith grew rapidly into the world leader in lap-top machines with total computer sales of $1.4bn last year, exceeding revenues from the old consumer electronics business. Computer profits have covered television losses year after year.

The decision to trade the new Zenith for the old looks like a peculiar move but says a lot about both businesses, the company's lack of options and the style of Mr Jerry Pearlman, its 50 year old chairman.

The prospects of the computer business are likely to get worse not better, some analysts believe. Rapidly escalating competition is already eating into Zenith's market share and profits in lap-tops. US Government contracts which generated a third of Zenith's computer sales last year are winding down. The company, in spite of its strength in lap-tops, has never heen a force in desk-top machines.

"It's got to the point where some of the easy money is over," says Mr Robert Johnson, an analyst with Rotan, Mosle, a Houston investment dealer. "Staying a leader in that business would have taken a substantial investment."

Zenith could not afford to make both computers and consumer electronics after continuing losses from the latter had wreaked havoc on its finances. Since 1985, it has consistently reported losses except for a meager profit last year. Debt has tripled to $600m and annual research and development spending has been flat at around $100m.

Zenith tried to fix its problems by selling the loss making consumer electronics. A two-year search for a buyer for a company which was overwhalmingly dependent on the television business turned up nothing more than offers "below fire sales prices and not in the interests of shareholders," Mr Pearlman said.

One person close to the company believes the best offer was under $200m, insufficient to pay down debt and boost R & D in compnters. "A foreign hidder offered more last summer but its government stopped it. They did not want to cause a political row by buying America's last television maker two months before the presidential election."

"If they could have got an offer for $400m or $500m for consumer electronics, they would have stuck with computers," Mr Johnson said.

Admitting that the computer business was "very close to my heart," Mr Pearlman tried to put the best face on Zenith's strategy to sell the business and concentrate on its old line. Consumer electronics "is a tough business but an exciting one. We've been a leader for more than 60 years."

Proceeds from the sale will pay down most of Zenith's debt and give it an after-tax gain of about $22m. Minus the computer business and with no net interest expense, Zenith would have beeu profitable over tbe past 18 months, Mr Pearlman said.

Moreover, the "momentum is building for our consumer electronics business," he added. Television prices are stabilising after more than a decade of steep decline and "we have sufficient scale to be a very viable competitor in the North American market."

Many financial analysts and industry observers see a bleaker reality however. "All you can say is Zenith has survived, which is more than any other company did," says Mr Bob Gerson of TWICE, a leading consumer electronics trade letter.

The onslaught of imports, initially from Japan which began in the 1970s and accalerated through the 1980s, sent Zenith's market share for colour television sets plunging from 20 per cent in 1982 to less than 12 per cent today, according to Television Digest. All its fellow US makers quit the husiness or, like RCA, fell into foreign hands.

Mr Paarlman railed against the foreign competition in frequent trips to Washington but to little effect. Analysts became impatient with him for tackling issues beyond Zenith's control, such as South Korea's exchange rate policy. Zenith reckons only 15 per cent of its dumping cases resulted in penalties against the foreign manufacturer.

Ironically, most colour television sets sold in the US today are made in US plants owned by foraign companies, thanks to changes in exchange rates and manufacturing technology, and economics. But of the 11 foreign and one domestic set manufacturers in the US, nine lost money and three were profitable last year, according to a congressional study which did not disclose the identity of the winners and losers.

Zenith has declined to provide a breakdown of the profitability of its computers and consumer electronics operations but says the latter was profitable on an operating basis last year and will he some $15m more profitable this year.

The company has kept pace with technological change, making its 1.7m square-foot assembly plant in Springfield, Missouri, one of the most cost effective in the industry. Plants in Chicago make picture tubes and printed circuit boards. Plants in Mexico do sub-assembly work for all televisions, assemble smaller ones and make some cabinets.

Televisions accounted for roughly 70 per cent of its $1.1bn in consumer electronics revenues last year, analysts estimate. Most of the rest came from video cassette recorders (4.5 per cent market share) and camcorders (3 per cent share) made under the Zenith name by JVC of Japan. Both are poor performers.

Where does Zenith go from here? "It's got very able technical and marketing groups," says Mr Gerson. Its also got a great brand name and good distribution channels, but dealerships are increasingly threatened by discounters and wholesalers. And it will have to run very hard to keep up with its global competitors.

Mr Pearlman admits Zenith will have "less than $50m" left over from the computer sale to reinvest in consumer electronics.

Some of Zenith's stretched R & D budget has gone on developing a transmission and reception system for high definition television. Zenith is lobbying hard for it to be chosen as the US standard for a market which will begin developing in the mid-1990s.

Leaving itself ont on a consumer electronics limb with no computer safety net will help win sympathy in Washington for Zenith on both TV and government-funded research projects such as high resolution monitors. Bnt success on HDTV would bring only modest royalties, analysts believe. Mr Pearlman sees HDTV as an incremental business. "We're not dependent on it."

So for the foreseeable future, Zenith is once again deeply entrenched in the commodity television business which nearly killed it before. Tha business looks a shade less gloomy for now but, as one industry analysts says, "it can never be frighteningly profitable."

WestLB in joint deal with UK bank

By **Haig Simonian** in Frankfurt and **David Barchard** in London

STANDARD CHARTERED, the UK-based international commercial bank, and Westdeutsche Landesbank (WestLB), West Germany's biggest public sector financial institutiou, have announced a wide-ranging agreement to co-operate in international markets and merchant banking.

The two banks are to pool their merchant banking and corporate finance activites in a new joint venture. WestLB will also buy Standard Chartered's continental European branches, excluding its Swiss activities and Frankfurt office. The network comprises branches in 10 European countries and employs some 550 staff.

The two banks will also sign a co-operation agreement giving WestLB access to Standard Chartered's worldwide branch operations.

For Standard Chartered, the deal settles the future of its European operations, which have assets of £2bn ($1.25bn) but generated profits of only £1m last year.

The alliance also immediately improves its capital adequacy ratios. Its risk/asset ratio under the Basle criteria will rise from 8.1 per cent to 9.1 per cent, while its Tier One ratio is likely to improve to 4.7 per cent from 4.1 per cent.

No price has been revealed for the complex transaction. However, a WestLB representative said the bank's overall commitment would probably be around DM400m ($213m). A price of around £60m was talked about in the market yesterday for the sale of Standard Charter's European merchant banking operations — the crux of the deal.

Standard Chartered will pool Standard Chartered Merchant Bank with WestLB's operations in corporate finance, mergers and acquisitions, project finance and international debt trading.

The UK bank has some 740 branches in 60 countries and had total assets of £23.7bn at the end of last year, when it made pre-tax profits of £313m. By contrast, WestLB's assets amounted to DM166bn, while net group earnings amounted to DM161m.

It was not clear why Standard Chartered and WestLB have not cemented their joint venture with an equity cross-holding. This was the method used by Banco Santander of Spain and the Royal Bank of Scotland in the one important cross-frontier banking alliance in Europe to be announced so far.

Ciba-Geigy drops its bid for Connaught

By **William Dullforce** in Geneva and **William Dawkins** in Paris

CIBA-GEIGY, the Swiss chemicals and drugs group, withdrew yesterday from the battle for control of Connaught Bio-Sciences, the Canadian vaccines maker.

This leaves the way open for the C$942m (US$801m) bid from Institut Mérieux, the French biotechnology company controlled by Rhône-Poulenc.

Mérieux, the world's second-largest vaccine producer, yesterday confirmed that it will stick by the counter-bid it launched last mouth, even though the amount being offered by the Lyon-based group is well above that offered by Ciba-Geigy.

"Our bid remains on the table," said the French company, which had no further comment. The merger witb Connaugbt Bio-Sciences would create the world's largest vaccines maker, though at a far higher cost to Institut Mérieux than when it first approached the Canadian group last year.

Mérieux had been aiming for a share exchange with Connaught, under whicb the Canadian company's research division would be spun off into a Dutch subsidiary. But it had to scrap those plans when Ciba-Geigy made last montb's surprise bid worth C$764m, at C$30 per share.

Mérieux responded by offering C$37 a share, worth C$942m, the deadline for which expires on October 26.

Connanght specialises in vacines for influenza, diphtheria and whooping cough, while Mérieux is a specialist in a range of other vaccines and blood derivatives.

The Swiss company announced yesterday that it had decided not to submit a counter-offer to Mérieux's latest bid because this could not be justified on economic grounds.

However, it said it was firmly committed to building a major international business based on a new generation of vaccines. It would pursue "other strategic alternatives" jointly with Chiron of California, its partner in the bid for Connaught.

Ciba-Geigy and Chiron run several joint vaccine research programmes.

These alternatives included both acquisitions and alliances, a representative said. Ciba-Geigy and Chiron had acquired a 9.4 per ceut stake in Connaught, on which they will now make a capital gain.

Sears shoe chains hit by high interest rates

By **Maggie Urry** in London

The profits of Sears, a leading United Kingdom's retailing group with its shoes and stores chains, have been hit by the impact of high interest rates on consumer spending.

The company said yesterday that first half profits fell to £80.5m ($129m) from £92.5m, a 13 per cent decline. The figure excludes £11.2m (£9.8m) of other income, mainly profits on sales of properties and investments.

Mr Geoffrey Maitland Smith, chairman, said he took a cautious view on the second half, but he would be "very pessimistic" if there was a rise in mortgage rates before the all-important Christmas sales period.

The shares rose 1½p to 117½p, as analysts had predicted the fall in profits. The company has been subject to bid gossip, but Mr Maitland Smith said there had been uo sign of any new stake building.

Group turnover rose only 1.8 per cent to £981m. However, costs rose at a faster pace and trading profits from continuing businesses fell 18.5 per cent to £81.8m. Mr Maitland Smith said special factors such as the transport strikes and launch costs on new catalogues had cnt profits by £4m.

Footwear retailing which includes the Dolcis and Saxone chains, suffered a 1½ per cent fall in sales volumes and virtually no increase in prices, which cut trading margins and profits from this division fell by 23.5 per cent to £31.6m.

The sale of William Hill, the betting shop chain, this year for £331m had a beneficial effect as the casb released earned more than the £9.6m of profits it made in tbe comparable period. The group's interest charge fell from £20.2m to £3.9m. Mr Maitland Smith said balance sheet gearing would fall from 10 per cent to 5 per cent over the year.

INTERNATIONAL COMPANIES AND FINANCE

SGIC may trigger Bond indemnity

By Chris Sherwell in Sydney

THE Western Australian State Government Insurance Commission (SGIC), in a move which could trigger a hefty indemnity payment from Mr Alan Bond's debt-burdened Bond Corporation, is to sell its 19.9 per cent stake in Bell Group.

Bond's indemnity under the deal arose from the near-simultaneous purchase in April 1988 by Bond and the SGIC of stakes in Bell Group, part of the Bell stable of companies then controlled by Mr Robert Holmes à Court, a rival Perth entrepreneur.

Analysts now believe this move by Mr Bond was the single most important cause of his present troubles, more significant even than his abortive assault in the UK on Mr Tiny Rowland's Lonrho or his troubles with the Australian Broadcasting Tribunal.

The holding of 64m shares is being offered for sale at a time when the market price for Bell Group is 48 cents. But the SGIC has an indemnity from Bond Corp guaranteeing it a price of A$2.70 per share.

Bond Corporation is challenging the validity of the indemnity through the courts, but the SGIC says this will not prevent the tender going ahead. If the court action fails, Bond could be liable to pay out more than A$140m (US$108.7m) at current prices to the government agency, adding to its numerous financial woes.

At the time Bond paid A$2.70 a share, while the SGIC paid A$2.50. But the National Companies and Securities Commission (NCSC), the Australian stock market watchdog, said there was evidence to suggest an understanding between the two. As a result, Bond was obliged to make a full bid for the rest of Bell Group excluding the SGIC stake.

But it indemnified the SGIC against any loss on the sale of its stake before April 6 1989 by undertaking to make up the A$2.70 price.

Last March, the SGIC agreed to retain its shareholding until the beginning of October, with the indemnity period extending to May 1 1990, in exchange for A$3m in cash, an increase in interest accruing on the Bell Group shareholding and an improvement to the value of Bell Group convertible notes.

Since then, however, Bond and the Labor Party state government headed by Premier Peter Dowding have fallen out badly, chiefly over a controversial A$1.2bn petrochemical project in which they were jointly involved, but also over the indemnity.

Their dispute has brought a winding up of the petrochemical project, and exposed hitherto unknown details about the Bell Group takeover and the troubles of the now-collapsed Rothwells finance house once headed by Mr Laurie Connell, another local entrepreneur.

Bond and the state government became involved in the petrochemical project to stave off the collapse of Rothwells. But Bond now says the earlier move on the Bell Group was also part of an attempt to resolve the Rothwells crisis. According to Mr Peter Beckwith, managing director, "the indemnity and the petrochemical project come out of the same tree and are inextricably entwined."

In its court action initiated last month to have the SGIC's indemnity declared null and void, Bond has accused the SGIC of entering into the indemnity agreement for "improper political purposes."

The Government rejects the allegations and has accused Bond of threatening the stability of the government.

Unless a fresh accord between the two former allies is reached, the SGIC's proposed sale of its 19.9 per cent in Bell Group will go ahead, and it will be left to the courts to decide whether it or Bond Corporation shoulders the heavy loss.

Axa-Midi to clarify Farmers bid

By Anatole Kaletsky in New York

AXA-MIDI, the big French insurance company which is attempting to buy Farmers Insurance as part of Sir James Goldsmith's break-up bid for BAT Industries, will submit new filings to US insurance commissioners to clarify the financing of the proposed acquisition.

The new filings are unlikely to silence objections from Farmers' management, who have argued that Axa's acquisition would require excessive borrowing and conflict with the leverage guidelines in California and other states.

The new filings will be submitted to the US insurance commissioners around October 10, according to Mr Claude Bebear, Axa's chairman.

Although the proposals would involve only "presentational changes," these should help regulators to understand the offer from Axa Midi, he said.

The most important change would be the reallocation of a $1bn cash investment which Axa originally planned to inject directly into Sir James's Hoylake Group.

Axa will use this $1bn – to come from "internal resources" – to pay part of the Farmers acquisition price. As planned, Axa will also borrow $2.25bn from a bank syndicate led by Paribas.

The remaining $1.25bn will be covered by a loan note from Hoylake, repayable after two years.

In its earlier filings Axa had proposed to borrow $2.25bn from the banks and take a $2.25bn loan from Hoylake. This plan provoked Farmers' objection that Axa was "hoping to finance its purchase entirely through debt with one-half coming from Hoylake."

In its original agreement with Sir James, Axa was also supposed to pay £600m, or about $1bn, in cash to buy a 15 per cent equity stake in the Hoylake Group.

Mr Bebear said yesterday that this deal had been amended. Hoylake would now provide Axa with a loan of $1bn to finance the purchase of its 15 per cent Hoylake stake.

The two changes in the Farmers and Hoylake acquisition financing would cancel each other out in their impact on both the Axa and Hoylake group.

ENI forecasts 30% advance

By John Wyles in Rome

ENI, Italy's state-owned energy and chemicals holding company, yesterday reported that all of its businesses were doing well enough for it to forecast at least a 30 per cent increase in net profits for this year.

The group, presided over by Mr Franco Reviglio, produces consolidated accounts only for the full year.

The only firm numbers available yesterday were the L18,329bn ($13.36bn) of group sales for the first half and the L2,213bn of investments, the former 13 per cent higher than the same period last year and the latter up 2 per cent.

Nevertheless, the group's press release affirmed confidently that a 36 per cent increase in first-half earnings had been achieved.

Last year's interim net earnings are thought to have been around L700bn.

Net earnings for the year as a whole would exceed L1,700bn, said Eni, compared with L1,308bn.

Discussing its various businesses, Eni said that growth in the energy sector was coming from consistent improvements in crude oil supplies and also in the production and distribution of coal and in the distribution of methane.

The group's daily output of hydrocarbons had now reached a record level of 740,000 barrels per day.

Chemicals profits – through Eni's joint ownership with Ferruzzi of Enimont – were holding up well in line with those registered in last year's first half despite a drop in prices for several products.

The metals and textile machinery businesses, once substantial loss makers, had both now been turned round, said Eni, and had improved on last year's first half.

Poseidon surges to A$29.8m

By Our Financial Staff

POSEIDON, the rapidly expanding Australian mining company, doubled net profits from operations in the year to June to reach A$29.8m (US$23.15m) compared with A$14.6m.

Sales grew even more sharply, to A$133.5m from A$31m. Other income was given as A$37m against A$19.8m. The rises in part reflect acquisitions during the year.

Poseidon said the 58 per cent owned Australian Development (ADL) more than doubled gold production to 51,518oz at its White Devil mine in the Northern Territory and took a controlling interest in Pan Australian Mining, a fellow producer.

Anglo American Pacific, acquired in September 1988 and now wholly owned by Poseidon, contributed A$4.9m to the result. Poseidon said the purchase of Freeport-McMoRan Australia took effect in May and therefore did not significantly contribute to profit.

Since the year-end, moreover, the group has gone on to win effective control of the so-called Super Pit in Kalgoorlie, Western Australia, when Mr Alan Bond surrendered his ambitions there.

The flurry of activity at Poseidon has been initiated by Mr Robert Champion de Crespigny, who took control earlier this year.

The company came to prominence as a nickel producer during the late 1960s boom in that metal.

There were no extraordinary charges as a result of these or any other moves, but the previous year had brought a gain of A$189.9m, thus leaving the bottom-line result substantially lower.

Poseidon said yesterday it had made no decision yet on a dividend payment. Earnings per share were 20 cents, up from 13 cents.

● Amcor, an Australian paper and packaging group, has lowered its stake in Mayne Nickless, a transport and security company, to 38.6 per cent from 43.6 per cent. The shares were sold to an unnamed local institution at A$6.60.

Unisys restructures to reduce costs

By Anatole Kaletsky

UNISYS, the second largest US manufacturer of big mainframe computers, yesterday announced a substantial restructuring.

The move is designed to reduce operating costs by between $400m and $500m annually and lower the company's breakeven point by $1.5bn.

Unisys said a substantial charge would be recorded in its third quarter results, due out later this month.

But it predicted that operating earnings would enjoy a "significant turnaround" from the fourth quarter onwards.

The main benefits of the restructuring would not be felt until 1990.

The company said it expected to cut worldwide employment by 7,000 to 8,000, or about 9 per cent. The company's total emplyment would fall to between 80,000 and 85,000 by the end of 1990, Mr Michael Blumenthal, chairman, said.

Most of the jobs eliminated would be from Unisys' US operations, but the overseas workforce would also be cut by about 1,200.

Socofi

SOCOFI, THE Geneva-based finance company mentioned in an article on Petra Bank in the Financial Times yesterday, is still in business and has not gone into liquidation as suggested. Mebco Geneva went into liquidation on April 27.

SocGen and CCF report strong rises in first half

By George Graham in Paris

THE two largest French privatised banks, Société Générale and Crédit Commercial de France (CCF), yesterday both reported strongly improved earnings for the first half of 1989, despite the negative effects of an inverted yield curve on profits in the bond market.

Société Générale, the fourth largest banking group in France, said that net profits rose to FFr1.75bn, ($278m) up by 21 per cent compared with the first six months of last year.

But Mr Marc Viénot, chairman, warned yesterday that earnings for the full year would probably only show an increase of between 15 and 20 per cent, since the comparison with 1988's moderate first half was unduly favourable. Mr Viénot said the group's classic banking activities had performed well, with a 5 per cent increase in lending income.

Fund management activities, helped by Société Générale's recent acquisition of Touche Remnant in the UK, also performed well, as did the group's overseas banking divisions, especially London, New York and Athens.

Société Générale's London securities opsrations turned round from a loss of FFr45m to a profit of FFr70m in the first half, but profits from domestic bond market operations were an estimated FFr300m below target, as short term interest rates were for much of the period higher than bond market yields. The bank raised its had debt provisions by FFr2.18bn, and has now covered 60 per cent of its exposure to its 10 main risk nations.

CCF, meanwhile, announced net profits of FFr335m, a gain of 38 per cent from the first half of 1988 after retreatment of the figures to make the two periods comparable in accounting terms.

The bank warned, however, that the comparison with the first six months of 1988 gave an unduly favourable impression, noting that earnings were up 16 per cent compared with half of 1988's full year profits.

The group's net banking income rose by 6.6 per cent to FFr3.82bn while expenses rose only 5.1 per cent to FFr2.56bn, leaving gross operating income 9.2 per cent higher at FFr1.07bn. CCF also increased its bad debt provisions by FFr1.02bn, however.

Gechem unveils first profits since 1985

By Tim Dickson in Brussels

GECHEM, the Belgium chemical company until recently dubbed one of Société Générale de Belgique's most notorious "lame ducks," yesterday announced *its first* profits since 1985 and the near completion of its divestment programme.

In its first ever half yearly statement the company said it *had* achieved earnings *before* tax in the first six months of 1989 totalling BFr750m ($18.9m), with net income falling to BFr307m, after BFr250m of charges and taxes and a furthsr BFr200m in restructuring provisions.

First half consolidated sales amounted to BFr23.5bn.

Gechem also predicted "overall performance in the second half should be equally as good as the first half" and barring dramatic and unpredictable changes in the market, consolidated income for 1989 should reach abont BFr750m, against a BFr886m loss in 1988.

Mr Jean Duronsoy, chairman, explained yesterday that following the disposals of Azotherm in plastic films, OmniChem in fine chemicals (to the Japanese group Ajinomoto) and PRB in defence (to Astra of the UK), Gechem has taken a "critical step" in focusing its resources on two key activities.

These are polyurethane foams (via Recticel) and metallic oxides and salts (through Sadacem).

The overall profits from the divestment programme, which will be taken into Gechem's books in the second half of the year, amount to roughly BFr2bn.

Mr Duronsoy said yesterday that both activities are now poised for increased profits and growth and that Recticel, whose stated aim is to achieve turnover of BFr50bn by 1992, *is negotiating new projects* in West Germany and the US.

The company has already made a number of small but "strategically important" acquisitions in the Netherlands, Belgium, Spain and the UK.

Arbed steels itself for a new era

Lucy Kellaway on a change in fortune at the Luxembourg producer


Arbed's cold mill at Dudelange, with (right) Piere Thein, planning director

THE constant crisis in which Arbed, the Luxembourg steel producer, has lived for the past 13 years has ended.

The company, which two decades ago accounted for a quarter of the country's GNP, has cut itself down to size; after invssting LFr50bn ($1.2bn) and shedding two thirds of its workforce, it considers itself to be Europs's most profitable steel company.

Last week's six-fold increase in profits, and promise given to loyal and patient shareholders that they will get a dividend this year for the first time in a decade, point to the beginning of a new era.

However, Arbed's investors, who have been looking forward to this date for the past two years, are starting to have their doubts. Indeed, the near 5 per cent fall in the share price since last week shows the market views this as the top of the cycle, and has started to worry about what will happen next.

The great turnaround in Arbed's steel division from a loss of LFr2.2bn in 1987 to an expected profit this year of more than LFr6bn, would not have happened without the fair wind from the steel market.

Demand in the third quarter of the year was at its best for 10 years, and even though the immediate prospects for European demand for steel are fair, many analysts expect a contraction in the market next year. For Arbed, the prohlem is not urgent, as its order book for the next six months to one year is healthy.

The question is what happens thereafter, and Arhed, like any of the other steel producers, is making relatively cautious noises about demand a year from now.

The steel industry in general is in much better shape this time to withstand any downturn, as it is currently close to full capacity, and is far more efficient than before.

Even though a re-run of 1975 – when steel demand fell by 30 per cent overnight – is unthinkahle, this time there will be no European steel quotas to fall back on.

Arbed is trying to urge the industry into some kind of voluntary cutback, hut so far the collective will seems to be lacking. Bnt even without such support, Arbed considers itself relatively well placed: the light purse of Luxembourg has never been able to provide subsidias quite on the scale of other European countries, forcing the company to be more self-sufficient than some rivals.

Nevertheless, it would not take a very pronounced fall in demand for Arbed, along with most of the rest, to find itself making losses again.

Against that, ths company has two plans of action: to increase productivity further and diversify. It aims to reduce its workforce from about 10,500 to 8,500, so hy 1992 it will take only 3 man hours to make a tonne of steel, compared to 3.5 now, and 10 in 1975.

If it can achieve that kind of saving, the company believes it should be able to remain in the black whatever.

WHILE rationalisation is nothing new, diversification represents something of a departure. During the last 12 years, Arbed has had more pressing concerns, but now its balance sheet is strong – thanks to last year's restructuring and to this year's convertihle issne – it has started to look outside the steel industry to deploy its LFr25hn cash flow.

Its method, however, is going to show all the conservatism for which Arbed is famous. According to M Pierre Thein, director of planning: "Diversification is the most dangerous thing you can do, so we shall go slowly. By the year 2000 we would like to have a significant part of our business in non-steel areas."

Correspondingly, the immediate hudget is small, about LFr7bn between now and the end of 1992 – about half of the steel investment budget. The company is now in the process of agreeing its largest move yet away from steel – a partial takeover of Yates Industries of the US, a maker of copper circuit boards.

Earlier this year, Arbed commissioned the Battelle Institute to design a diversification stategy for it. The result centres around the fashionable notion of value-added: the chosen areas for expansion are those in which Arhed either has relevent technical know-how – as is apparently the case with Yatss – or has estahlished links with the customers.

Arhed's strategy differs somewhat from some of the other pure steel producers like Finsider of Italy, which is not ready to diversify, or British Steel, whose diversification ambitions are limited to further moves downstream in steel – of the kind that Arbed has bsen taking since the 1920s.

The stockmarket rehabilitation of Arbed has been so enthusiastic even ths company executives think things have got ont of hand. The share price has risen from LFr1000 two years ago to more than LFr7000 last week – a large rise even hy the prodigious standards set by the other European steel producers.

Part of the extra has been a simple matter of discovery. "Arbed has been in severe difficulties for 15 years, a lot of people didn't know it existed or had forgotten ahout it. To invest in Arbed, you no longer have to be such a maverick," said Mr Peter Dupont of Phillips & Drew.

THE process of discovery has also been helped by the change of ownership at Société Générale de Belgique, which holds 23 per cent of the shares. In the course of the battle for control of Belgium's biggest company, an attempt was made to find out what all its stakes were worth, which meant looking closely at Arbed.

The figure produced, about LFr8,000 an Arbed share, astonished more or less everyone, revealing for the first time the amount of value hidden in the Belgian and Brazilian parts of the group.

Subsequently, ths company has started to supply the market with more information, producing consolldated accounts, to allow investors to reach a rather better informed decision on the value of the shares.

There are however, precious few signs of Arbed ever becoming a truly open company with modern democratic management techniques.

It remains a big fish in the very small pond of Luxembourg, conservative, paternalistic and secretive, with all the *advantages* and *disadvantages* flowing from that.

Arbed SA net profits (LFr bn)

1980	-1.6	1985	+1.1
1981	-3.2	1986	+0.9
1982	-4.2	1987	-2.2
1983	-2.4	1988	+2.3
1984	+0.7	1989*	+6.0

* Forecast

Cadence Design Systems to join MCC group

By Louise Kehoe in San Francisco

CADENCE Design Systems, a leading supplier of computer aided design (CAD) software to the electronics industry, has joined the Microelectronics and Computer Technology Corporation (MCC), the six-year-old research co-operative aimed at strengthening US competitiveness in information technologies.

Cadence has agreed to share its CAD technology with the research group in lieu of paying membership fees. CAD programs are used to automate the process of designing complex electronic circuits and semiconductor chips.

Cadence will participate in MCC's CAD research programme, one of four big programmes undertaken by the consortium. Cadence is the first CAD supplier to join the group. Other members currently *include leading* US semiconductor, electronics, aerospace and computer manufacturers. "CAD is one area in which the US holds a technology lead, but it is a fragile lead," said Mr Grant Dove, MCC chairman.

Motor-Columbus ahead despite N-plant write-off

By William Dullforce in Geneva

MOTOR-COLUMBUS, ths Swiss industrial group which has been diversifying out of the energy field after the Federal Government's decision not to build a nuclear power plant, reports a 4 per cent increase in net earnings to SFr15.2m ($9.3m) for the year ending June 30.

Group sales ross from SFr1.6bn in 1987/88 to SFr1.7bn. Cash flow at SFr130m was up by 8.3 per cent. The board of the parent company recommends an unchanged dividend of SFr35 per share. It also proposes a two-stage increase in the share capital, to take it to SFr275m.

A four-for-one rights issue of bearer shares, nominal value SFr500 each, at a price of SFr1,000 will increase the share capital by SFr45m. A further SFr30m will be raised hy an issue of bearer shares.

In the 1988/89 account, Motor-Columbus has written off the SFr48m loss it suffered from the decision not to build the Kaiseraugst nuclear plant, while Atel, the power ntility, in which it holds a 53 per cent stake, wrote off SFr175m.

The Baden-based parent is channelling new investments running at ahout SFr60m a year into new technology. Turnover in the communications sector climbed to SFr250m.

Sasea posts 27% increase

SASEA HOLDING, parent company of the Geneva-based *investment banking* group headed by Mr Florio Fiorini, yesterday posted a 27 per cent increase to SFr15.4m ($9.4m) in net profit for the year ending June 30, writes William Dullforce. Net earnings per share were SFr7.65 against SFr6 for the previous fiscal year, and the board recommends that the *shareholders'* dividend be increased from SFr5.50 to SFr6 per share.

Sasea's practice is to buy majority stakes in companies, which it restructures and puts on a profitable basis before selling them off.

INTERNATIONAL COMPANIES AND FINANCE

Sammi forges an ambitious role in steel

Maggie Ford looks at the first bond launch by South Korea's speciality steelmakers

When Sammi Steel of South Korea launches a bond with warrants in the Euromarkets later this month, it will have achieved its ambition of becoming the largest speciality steelmaker in the world.

For Mr Kim Chul Hyun, the company chairman who directed the rationalisation of his family's business group, it will be the culmination of seven years of planning.

Instead of a diversified conglomerate like so many of South Korea's companies, producing everything from dresses to cars to microchips, Sammi is now a large international player in a key specialised area of the global market.

The company's prime position was established this year with the purchase for $210m of three subsidiaries of the Canadian Rio Algom, in the first significant international acquisition by a South Korean company. Sammi Steel produces three main products – stainless steel sheets and coils, speciality steel bars and wire rods, and seamless pipes and tubes.

It is the world's largest importer of hot rolled coil, the raw material for stainless steel products, with an annual requirement of 200,000 tonnes, all presently bought from Japan and Europe.

Sammi plans to invest $100m in the Rio Algom plants to upgrade capacity, thus saving the $500m cost of establishing a hot rolled coil plant in South Korea.

Other benefits from the acquisition include the company's technology, an increase in market share for Sammi including tariff-free exports to the US under the free trade pact with Canada, and a 5 per cent saving in the cost of raw materials.

Sammi Steel had net income of $28m last year on sales of $679m. In 1987 sales were $506m and net income was $14m.

The company plans substantial expansion over the next few years with a tripling of capacity.

Annual average sales growth from 1985 to 1988 was 28.8 per cent. Exports accounted for 37 per cent of production last year, down from 44 per cent in 1985, reflecting the strong growth in domestic demand. Exports went primarily to the US, Europe and Asia, and the company plans to expand markets in Eastern bloc countries.

South Korea has a serious shortage of speciality steel products for the motor, heavy machinery and construction industries and demand is expected to grow by 15 per cent annually over the next decade. Sammi's production capacity at the end of 1988 was 385,000 tonnes.

The $50m bond with warrants that Sammi is to launch to finance the Canadian expansion of capacity will be a first for South Korea.

Five convertible bonds have been launched in the Euromarkets over the past few years, but the South Korean stock market is not due to be opened to foreign investors until 1992.

The bond is expected to have a coupon of 1.5 to 1.75 per cent. The warrants will be exercised as non voting shares in the company after 18 months.

It is not clear when warrant holders will be able to convert into equity and trade tha shares.

Seoul's Ministry of Finance has recently suggested that an over-the-counter market may be set up to allow foreigners to trade in converted shares, but no official announcement has been made. The bond with warrant is being lead managed by Dongsuh Securities and Merrill Lynch.

Most analysts expect the issue to be popular because Sammi is regarded as a strong company and one of the first in South Korea to rationalise its business to be competitive internationally at top level.

Most large South Korean conglomerates are currently consolidating their position in the rapidly expanding domestic market.

Officials and business analysts believe that they will soon be forced to rethink their international strategy.

Observers point out that the approaching global market and the need for companies to make substantial investments in new high level technology may spur more acquisitions of suitable foreign companies in the future.

Sammi Steel may be the first of many as South Korea's conglomerates move into the second stage of their country's economic development.

MGM/UA acquisition 'will benefit Qintex'

By Chris Sherwell

MR CHRISTOPHER SKASE, chairman of Qintex Australia, yesterday moved to allay investor fears about the impact on the media and resorts company of his ambitious US$1.9bn acquisition of MGM/UA Communications, the Hollywood film production group.

In a letter to the Australian Stock Exchange, he said the transaction would entail a "maximum incremental liability" of only US$50m for Qintex Australia in the form of bank debt.

Calling the transaction "a merger, not an acquisition," he said it would link Qintex Entertainment, his 42 per cent-owned US arm, and MGM/UA Communications to form MGM Inc, and would bring "consequential income benefits" to Qintex Australia.

About 10 big international companies – known to be US, Japanese and European groups with broadcasting and entertainment interests – would also be involved as equity participants.

All equity and debt would be raised within MGM without recourse to Qintex Australia.

Mr Skase's statement came after extraordinary volatility in Qintex Australia's stock on Tuesday, when the share price plunged 19 cents to an record low of 40 cents before recovering to 50 cents. Yesterday the shares fell further to 47 cents. Its 1989 high was A$1.70 (US$1.30).

In his letter, Mr Skase said Qintex Australia's role in the MGM/UA acquisition had been that of co-ordinator of an investor group in which it would have a total financial participation in the range of US$125m to US$150m. It had arranged security for the US$50m deposit already made in connection with the purchase.

In broad support of his contentions, a review by Australian Ratings, the credit rating agency, has found that Qintex Australia's participation in the merger would leave its gearing (net debt as a percentage of shareholders' funds) largely unchanged at 80 per cent.

The majority of funding, according to the agency, will be sought through the issue of about US$1.1bn of MGM common stock carrying differential voting rights, bank finance of some US$300m, and around US$200m of preferred stock which will re-finance existing preferred stock of US$180m.

The use of differential voting rights would ensure Qintex Australia retained control of MGM for its US$125m participation, the agency said. Although it would no longer receive Mr Kirk Kerkorian's promised equity, Qintex's investment "is expected to be cash positive through loan capitalisation, a revised option issue and fee income associated with the investment packaging."

Late last month Mr Skase increased his US$1bn offer, made in April, in order to repel Mr Rupert Murdoch's News Corporation, which stepped in with a higher offer at the last minute. His winning bid valued MGM/UA's common stock at US$1.3bn, but the company also carries US$600m in debt.

INTERNATIONAL APPOINTMENTS

General Dynamics names former astronaut as future helmsman

GENERAL DYNAMICS, a leading US defence contractor, stated that Mr William Anders, currently senior executive vice president of operations at Textron, is to join the company as vice chairman at the start of next year and take over the helm a year later.

He will succeed Mr Stanley Pace as chairman and chief executive at General Dynamics when the latter retires at the end of 1990 after compleating five years in the top posts.

Mr Anders is a former astronaut. He was one of the three crew members aboard the 1968 Apollo 8 lunar mission, and also served as back-up pilot for the Apollo 11 voyage, when the first landing on the moon was accomplished.

From 1969 to 1973, he was executive secretary of the National Aeronautics and Space Council in Washington.

In 1977, Mr Anders joined General Electric, of the US, as vice president and general manager of the nuclear energy products division. He went on to hold the same title at the company's aircraft equipment division.

In 1984, he moved to Textron as executive vice president – aerospace, and progressed to his current position in 1986.

* * *

HYUNDAI Motor America, US sales and marketing arm of leading South Korean car maker Hyundai Motor, announced tha resignation, effective tomorrow, of Mr Greg Warner as executive vice president and chief operating officer.

The company cited "differences regarding business direction" as the reason for Mr Warner's departure. It has hired Lamalie & Associates, of Dallas, to find a replacement.

* * *

M/A-COM, the New England-based manufacturer of telecommunications systems and equipment, said that Mr John J. Lynch, president and chief operating officer, has been named acting chief executive officer.

This follows the previously announced September 21 death of chairman and chief executive Mr Thomas F. Burke in a motoring accident.

* * *

SHEARSON LEHMAN Hutton, the US investment bank, has appointed Mr George Milling-Stanley to a newly created post of first vice president in its global bullion trading department in New York.

Mr Milling-Stanley was senior gold analyst at Consolidated Gold Fields, in London. He had been associated with Consolidated Gold since 1985.

Prior to that, he served in a variety of posts with the Financial Times in London, finishing as deputy mining editor.

* * *

THE UNITED Bank of Kuwait has appointed Mr Anton Simon senior manager, high yield investments.

Vice-chairman at Philip Morris plans to retire

PHILIP MORRIS, the US tobacco and food conglomerate, stated that vice chairman Mr John M. Richman plans to retire at the end of the year.

He has also been serving as chairman and chief executive officer of the company's Kraft General Foods subsidiary.

Mr Michael Miles, president and chief operating officer at Kraft General Foods, has assumed Mr Richman's post of chief executive with immediate effect.

It is contemplated that Mr Miles will be proposed for election as a vice chairman of the Philip Morris board, again succeeding Mr Richman.

* * *

NWA, of the US, said that Mr Alfred Checchi has been named chairman and Mr Frederic Malek president of both NWA and its Northwest Airlines subsidiary.

Mr Checchi, aged 41 and a former principal of Bass Brothers Enterprises, is the Los Angeles investor who led the $3.65bn buyout of NWA in July. He succeeds Mr Steven Rothmeier, who is resigning as chairman and chief executive.

Mr Malek succeeds Mr John Horn, who is relinquishing his posts of president and chief operating officer.

The company declared that Mr Rothmeier and Mr Horn are both resigning for personal reasons, with the resignations effective from October 15.

* * *

TIP EUROPE, a UK-based leading trailer rental group, appointed Mr Wouter de Voogd to the new post of operations director, Continental Europe.

The move is designed to support the company's continuing drive for growth throughout mainland Europe. Its Continental fleet has grown by 80 per cent in the past year.

Mr de Voogd has been with TIP almost 10 years, having joined as division credit manager for Northern Europe. He will be based in the company's Amsterdam Service Centre.

Jardine Matheson

"Outstanding interim results throughout the Group."

Henry Keswick, Chairman

Interim Report Highlights 1989

Jardine Matheson

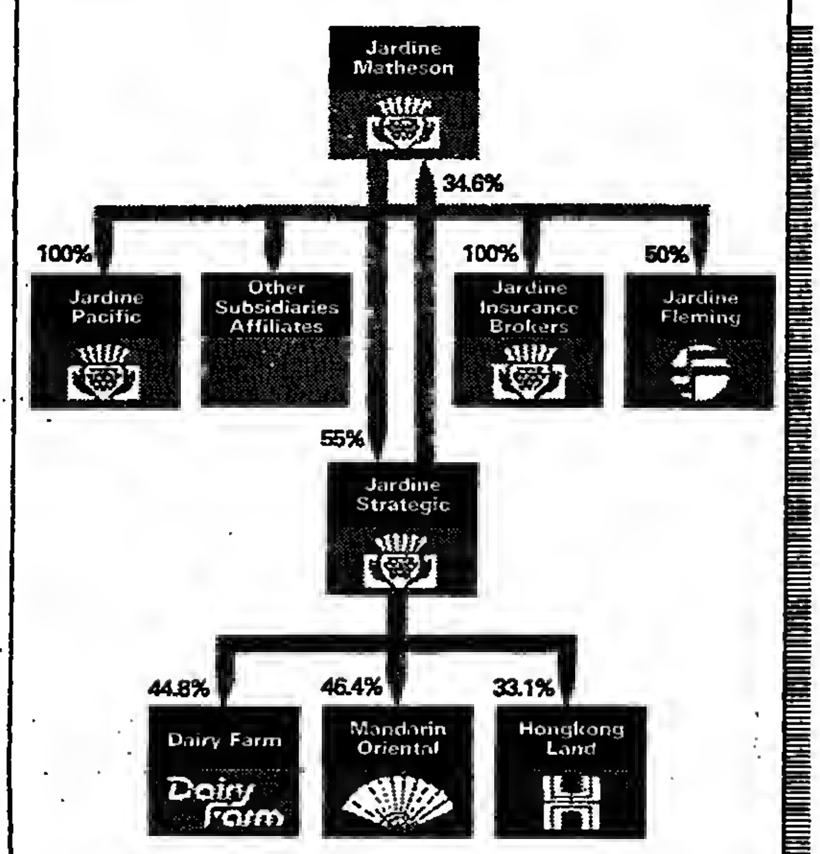
- Profit + 41%
- Earnings per share + 44%
- Dividend + 24%
- Substantial profit growth from all major businesses
- Further growth expected

"The significant increase in profit in the first six months is unlikely to be repeated to the same extent in the second half, due partly to the slowdown in tourism and consumer spending in Hong Kong following the recent events in China. The broad functional and geographic spread of the Group's businesses should, however, enable a satisfactory rate of profit growth to be maintained and the outlook for the full year is most encouraging."

HENRY KESWICK, *Chairman*
Hong Kong, 25th September 1989

HALF-YEAR RESULTS

	(Unaudited) Six months ended 30th June 1989 HK$m	1988 HK$m	Year ended 31st December 1988 HK$m
Turnover	6,887	6,077	14,817
Profit after taxation and minority interests	656	460	1,113
Extraordinary items	280	—	(33)
Profit attributable to shareholders	934	460	1,080
Dividends	(151)	(105)	(404)
	783	345	676
	HK$	HK$	HK$
Earnings per share	1.14	0.78	2.04
Dividends per share	0.21	0.17	0.65



The chart shows in outline form the Group structure and effective interests at 30th September 1989

Interim Report Highlights 1989

Jardine Strategic

- All major investments performed well
  - Jardine Matheson earnings per share +44%
  - Dairy Farm earnings per share +25%
  - Hongkong Land earnings per share +41%
  - Mandarin Oriental earnings per share +23%
- Shareholdings in listed investments increased
  - Jardine Matheson now 34.6% held
  - Dairy Farm now 44.8% held
  - Mandarin Oriental now 46.4% held

"Based on the underlying earnings growth of the Company's major equity-accounted investments, the value of the Company's portfolio in recent years has consistently outperformed the stock market as a whole. Looking ahead, we are confident that we shall see a satisfactory further improvement in earnings during the second half of the year."

HENRY KESWICK, *Chairman*
Hong Kong, 28th September 1989

HALF-YEAR RESULTS

	(Unaudited) Six months ended 30th June 1989 HK$m	1988 HK$m	Year ended 31st December 1988 HK$m
Turnover	34	82	83
Profit after taxation and minority interests	607	375	875
Extraordinary items	19	9	(43)
Profit attributable to shareholders	626	384	832
8% preference dividends	(88)	(51)	(101)
	488	333	731
Dividends — preferred ordinary	(8)	(6)	(19)
— ordinary	(56)	(44)	(112)
	386	283	600
	HK$	HK$	HK$
Earnings per share	0.78	0.68	1.35
Dividends per share — preferred ordinary	0.15	0.15	0.50
— ordinary	0.08	0.07	0.18
Net asset value per share	16.82	13.14	16.11

Dairy Farm

Interim Report Highlights 1989

- Profit + 32%
- Earnings per ordinary share + 25%
- Dividend per ordinary share + 29%
- Operations

ASIA
Hong Kong — All operations performing well with 21 new outlets opened; Maxim's shows good profit growth with 15 new outlets opened
Taiwan — 14 supermarkets and two Mannings now open
Thailand — New supermarket joint venture established
AUSTRALIA — Market share increasing. South Australian market entered
UK — Kwik Save interim profit to 11th March 1989 up 33.7%

"The Company's principal activities continue to have good prospects for growth and the outlook for the remainder of the year is encouraging."

SIMON KESWICK, *Chairman*
Hong Kong, 21st September 1989

HALF-YEAR RESULTS

	(Unaudited) Six months ended 30th June 1989 HK$m	1988 HK$m	Year ended 31st December 1988 HK$m
Sales	8,201	7,844	17,582
Profit after taxation and minority interests	383	305	773
Preference dividends	(51)	(53)	(105)
Profit attributable to ordinary shareholders	332	252	668
Earnings per ordinary share	24.3c	19.4c	51.5c
Dividends per ordinary share	9.0c	7.0c	25.0c

Mandarin Oriental

Interim Results 1989

MANDARIN ORIENTAL
THE HOTEL GROUP

- **Profit + 31%**
- **Earnings per share + 23%**
- **Dividend per share + 37%**
- **The Oriental, Bangkok, voted "Best Hotel in the World" by Institutional Investor with Mandarin Oriental, Hong Kong, second in the Asia-Pacific region.**
- **The Oriental, Bangkok, voted "Best Hotel in the World" by Euromoney, with Mandarin Oriental, Hong Kong, runner-up.**

"Tourism in Hong Kong and Macau has been affected by events in China... However, overseas hotels are performing well... Mandarin Oriental should show satisfactory earnings growth for the full year."

SIMON KESWICK, Chairman
Hong Kong, 20th September 1989

HALF YEAR RESULTS

	(Unaudited) Six Months Ended 30th June 1989 HK$m	1988 HK$m	Full Year Ended 31st December 1988 HK$m
Turnover	503.4	429.8	917.2
Profit after tax and minority interests	190.4	145.1	348.6
Extraordinary items	—	48.2	48.2
Profit attributable to shareholders	190.4	193.3	396.8
Dividends	74.5	54.0	229.4
Earnings per share	28.2¢	22.9¢	55.5¢
Dividend per share	11.0¢	8.0¢	34.0¢

Mandarin Oriental International Limited
Incorporated in Bermuda with limited liability
281 Gloucester Road, Causeway Bay, Hong Kong

Interim Report Highlights 1989

Hongkong Land

- Profit after taxation + 43%
- Earnings per share + 41%
- Dividend per share + 23%
- Portfolio 99% leased.
- HK$2 per share paid to shareholders in corporate restructuring.

"Hongkong Land's portfolio is almost fully leased and, with supply still limited, the prospect for positive rental reversions both this year and next year is encouraging. The rate of earnings growth in the second half of the year will be lower, due to the interest cost of the HK$2 per share paid to shareholders in May. Nevertheless, we expect results for the full year to show a very satisfactory increase."

SIMON KESWICK, *Chairman*
Hong Kong, 22nd September 1989

HALF YEAR RESULTS

Six months ended 30th June (unaudited) HK$	Interim Results 1989	1988	Annual Results 1988
Profit after taxation	767m	536m	1,217m
Earnings per share	30.1c	21.4c	48.3c
Dividends per share	16.0c	13.0c	39.0c

The share registers will be closed from 6th to 17th November 1989, both days inclusive. Share certificates must be lodged with the Company's Registrars by 4:00 p.m. on 3rd November 1989

Jardine Matheson Holdings Limited
Incorporated in Bermuda with limited liability

Copies of these Interim Reports are available from the Company Secretary, Jardine Matheson, Jardine House, Hong Kong

Exchange rate: HK$7.80 = US$1.00

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INTERNATIONAL COMPANIES AND FINANCE

Warburg takes top spot in UK takeovers league

By Clay Harris in London

S. G. WARBURG has jumped to the top of the league tables for merchant banks advising on takeover bids for publicly quoted UK companies in the first nine months of 1989, according to the monthly magazine Financial Times Mergers and Acquisitions.

Warburg, like the six banks immediately following it in the rankings – which credit the full value of a bid to each adviser named on an offer or defence document – gained its lofty position through its role defending BAT Industries against Hoylake's record £13.5bn ($21.6bn) takeover bid.

If the bid had not lapsed last week, just before the end of the nine-month period, J. Henry Schroder Wagg and Kleinwort Benson would have ranked first and second in the table, instead of eighth and ninth respectively. The table only covers bids that have been resolved one way or another.

In a second league table, covering completed bids for all UK companies and British bids abroad, but dividing the value of a bid equally between joint advisers, Warburg still comes first, advising in 58 bids with a total value of just under £16bn.

Schroders and Kleinwort rank second and third, advising on bids worth a total of £12.7bn and £11.5bn respectively.

The second league table also credits advisers not named on offer documents and for work done on the acquisition of minority stakes or the transfer of property assets.

The BAT bid was also responsible for introducing four US investment banks into the top 10, with Bankers Trust and Drexel Burnham Lambert working with Hambros on Hoylake's side and Goldman Sachs and Shearson Lehman joining Warburg and Lazard Brothers on the defence.

Goldman Sachs led in the ranking that considers only cross-border deals and offers in which a foreign bank acted as a financial adviser. On rankings that divide the value of bids between joint advisers, Goldman Sachs advised on 18 deals worth a total of £14.4bn.

It was followed by Warburg, advising on 19 transactions worth £11.7bn and Wasserstein Perella, which advised on six worth nearly £10.6bn.

TOP TEN ADVISERS
Completed bids for UK publicly-quoted companies
(First 9 months, 1989)

Adviser (1988 position in brackets)	Value of bids (£bn)	Number
1. SG Warburg (3)	22.07	24
2. Lazard Bros (9)	18.37	13
3. Goldman Sachs (-)	18.25	a
4. Hambros (16)	14.68	12
5. Bankers Trust (-)	14.60	10
6. Shearson Lehman (10)	13.59	2
7. Drexel Burnham (-)*	13.50	1
8. Schroder Wagg (1)	11.55	22
9. Kleinwort Benson (5)	8.13	13
10. Morgan Grenfell (2)	7.474	19

Financial advisers named as such in bid documentation
** Drexel declined to give full details of bid activity*

Bids for all UK companies and British bids abroad
(First 9 months, 1989)

Adviser (1988 position in brackets)	Value of bids (£bn)	Number
1. SG Warburg (1)	15.99	58
2. Schroder Wagg (3)	12.70	54
3. Kleinwort Benson (4)	11.50	43
4. Lazard Bros (6)	9.33	55
5. Goldman Sachs (8)	9.057	a
6. Shearson Lehman (11)	7.23	22
7. Morgan Grenfell (2)	7.14	61
8. Bankers Trust (-)	6.87	1a
9. Hambros (17)	5.86	37
10. NM Rothschild (10)	5.37	32

Source: FT Mergers & Acquisitions

Newly merged Barco posts BFr786m

BARCO GROUP, the small but fast growing Flemish electronics company which is the product of a merger completed at the beginning of this year, yesterday announced pre-tax operating profits for the first six months of 1989 of BFr786m ($20m), writes Tim Dickson in Brussels.

After deduction of taxes first half operating earnings amounted to BFr507m, against last year's 12 month figure of BFr583m.

Oslo seeks to set up international shipping bourse

By Karen Fossli in Oslo

THE OSLO bourse, seeking to capitalise on Norway's long *established maritime* expertise, plans to make itself more attractive to international shipping companies.

Officials believe that a listing on an international shipping market based in Oslo would offer companies more competitive pricing, allowing share prices to be quoted closer to net asset value.

The initial plan is for about five companies to be listed annually. "From next year I believe there will be international shipping companies listed here, and if after five years the plan proves viable, then there could be the basis for a larger scheme," said an analyst.

The idea of an international shipping bourse was first floated by the Norwegian Shipowner's *Association*.

Bourse officials believe that because of Norway's maritime environment and the wide range of shipping services on offer, they can create a shipping market more cheaply and more efficiently than other centres. There are two groups of shipping companies which would seek a listing, officials say.

One group comprises shipping companies not listed elsewhere while the other would be companies listed on other stock markets under the aegis of the International Stock *Exchange Federation*.

Bourse officials agree that there could be problems with listing the former since any group is likely to comprise companies registered in unregulated countries like Liberia and Panama.

"*It would* be a *matter* of providing a regulatory framework for which these companies would have to comply in order, among other things, to provide investor protection . . . and existing Norwegian law would be the basis for such a framework," *an analyst said*.

He outlined other problems, among them the creation of a standard for financial disclosure and companies listed would have to meet liquidity and ownership requirements under Norwegian law.

Storebrand out of red with NKr671m at eight months

By Karen Fossli

STOREBRAND, one of Norway's top three insurance companies, bounced back into the black in the first eight months of 1989 with profits, excluding life insurance and before *extraordinary items*, of *NKr671m ($97m) versus losses* of NKr69m in the same period last year.

Storebrand has also recommended that its board approve expansion of the foreign ownership quota to 25 per cent, from 20 per cent, and has called for a direct placement of 2.6m shares, although a subscription price has to be fixed.

The company said consolidated insurance activity, both domestic and foreign, experienced profits in the period of NKr764m versus NKr264m last year. Storebrand Finans, the finance division, reduced operating losses to NKr52m from NKr309m last year.

The winding up of finance activities is proceeding according to plan in Norway and outside the country. Assets have been reduced to NKr6.3bn from NKr9.7bn at the start of the year and a further reduction is expected.

Storebrand Livfosikring, the life insurance division, improved income to NKr1.135bn from NKr572m in the same period last year.

INTERNATIONAL CAPITAL MARKETS

Warm reception for clutch of Swiss franc issues

By Andrew Freeman

SWITZERLAND was the most active among international bond markets yesterday as new public issue business dried up completely in other sectors.

Syndicate officials were bemoaning the lack of arbitrage opportunities which was hindering issuance to what they described as deep demand for US dollars.

However, in Switzerland the market showed signs of returning health as three deals were launched to good receptions.

Union Bank of Switzerland was the lead manager of a SFr100m convertible issue for Daiichi Corporation, the Japanese real estate company formerly known as Jutaku Ryutsu. The five-year bonds carried an indicated coupon of ¼ per cent and a yield to put of 3.88 per cent.

Demand was firm, with investors putting money behind their bullish view of the Japanese equity market. UBS was quoting the paper at 103¾ bid, a fine premium to the par issue price.

Nomura (Switzerland)

INTERNATIONAL BONDS

brought a SFr30m convertible for Fujikura Rubber at almost identical terms, but the smaller size of the deal inspired even higher prices, with Nomura quoting the paper at 105¾ bid. In late trading, the price reached as high as 106 bid, way above the par launch.

Yamaichi also found strong demand for its SFr60m convertible for Taikisha, the engineering company. The bonds traded at 105 bid.

Elsewhere, syndicate managers were busy speculating on which of them would win the mandate for a $1bn jumbo deal for Italy. There was talk that banks were finding it difficult to package a deal meeting the borrower's requirements.

● A DM15m 10-year private placement for Tiroler Sparkasse, held up in late September after objections from the Bundesbank because the original lead manager was not based in Germany, has been launched by Banken Union, the merchant bank based in Frankfurt. Banken Union is owned equally by three savings banks, one of which is Tiroler Sparkasse.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
YEN						
Credit Lyonnais(a)◆	10bn	(a)	102¼	2004	2¼/1½	Credit Lyonnais
SWISS FRANCS						
Daiichi Corp.(c)★★§	100	(¼)	100	1994	1½	UBS
Taikisha Ltd.(d)★★§	60	(¼)	100	1995	1⅝	Yamaichi Bank (Switz)
Fujikura Rubber(e)★★§	30	(½)	100	1994	1½	Nomura Bank (Switz)
US DOLLARS						
Koa Fire & Marine Ins.(b)◆◆	250	9½	100	1993	2¼/1½	Nomura Int.

★★Private placement. §Convertible. ◆Final terms. a) Coupon 7% in sterling for 10 years, then 1% over Yen Libor. Call at par after 10 years. b) Coupon cut by ⅝% from indication. c) Indicated yield to put 3.888%. d) Indicated yield to put 3.894%. e) Indicated yield to put 3.881%.

3i's Paris unit doubles investment funds

THE PARIS offshoot of 3i, the provider of risk capital owned by the UK clearing banks, yesterday announced that it had doubled its funds for investment in France to Fr1bn ($156.3m), writes William Dawkins in Paris.

The move makes the Paris office of 3i among the top four or five risk investment groups in France. It comes because 3i's French subsidiary has run through its initial Fr510m, invested in 67 companies.

Mr Michel Biegala, managing director of 3i France, said a prime area for future investment would be so-called management buy-ins, where a team of outside managers takes over a target company. He said there were large numbers of medium-sized family companies facing succession problems, which would be ripe for buy-ins.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on October 4

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
B.F.C.E. 9¼ 95	150	101⅛	101⅝	+0⅛	0	8.91
Brit. Tel. Fin. 9⅞ 98	250	102⅝	103⅛	+0⅛	+0⅜	8.89
Canada 9 96	1000	101⅞	102⅜	+0¼	+0⅜	8.56
Canadian Pac 10¾ 93	100	†102	102½	0	0	9.87
C.C.C.E 9¼ 95	300	101⅛	101⅝	+0¼	+0¼	8.90
C.N.C.A 9¼ 93	150	†100⅞	100⅞	+0⅛	–0⅛	6.19
Credit National 8¼ 93	200	†97⅞	98⅜	+0¼	+0¼	8.86
Credit National 7⅜ 92	100	96¼	96¾	+0⅛	0	8.93
Credit National 9½ 92	160	†100⅞	101⅜	+0⅛	0	9.10
Dai-Ichi Kan 9⅞ 92	150	101⅜	101⅞	+0⅛	+0⅛	9.02
Denmark 8¼ 94	150	97⅜	97⅞	–	[illegible]	[illegible]
E.E.C. 7 91	100	96¼	96¾	+0⅛	0	8.82
E.E.C. 10 93	100	†103⅜	103⅞	+0⅛	+0⅛	8.76
Eurofima 10⅛ 93	100	†103⅜	103⅞	+0¼	+0¼	8.83
Elec. De France 9 98	200	101	101½	+0⅛	+0⅛	8.77
Elec. De France 9¾ 97	200	†103⅛	103⅝	+0¼	+0⅜	8.88
Finland 9 96	250	100⅝	101	+0½	+0⅛	8.83
Fin. Exp. Cd. 8½ 92	200	99	99½	+0⅛	+0¼	8.81
Fin. Exp. Cd. 9⅞ 95	200	101⅞	102⅜	+0⅛	+0⅛	8.99
Ford Motor Credit 8 93	250	†98⅜	98⅞	0	+0⅛	9.17
Gen. Elec. Cap. Corp. 9 93	500	†100⅛	100⅝	0	+1¼	8.87
Gen. Elec. Cap. Crp. 10 1/2 91	300	101⅞	102⅜	+0⅛	+0⅛	8.89
G.M.A.C. 9 96	300	99¼	99¾	+0⅛	+0⅛	9.11
Gen. Mtrs. Corp. 9⅛ 92	200	100⅛	100⅝	0	0	8.89
IBM Credit Corp. 8⅞ 92	250	100	100½	+0⅛	+0⅛	8.72
IBM Credit Corp. 9 92	250	100⅞	101⅜	+0¼	+0⅛	8.50
IBM Credit Corp. 9½ 92	250	101	101½	+0⅛	+0⅛	8.85
IBM Credit Corp. 10 92	200	102⅞	103⅜	+0⅛	+0⅛	8.72
Italy 9½ 95	1000	102⅝	103⅛	+0¼	+0⅛	8.86
Italy 9⅝ 99	1000	104¼	104¾	+0⅜	+0⅜	8.90
Itoh C. W/W 4⅝ 94	1000	99⅞	100⅜	0	–0⅛	4.56
Japan Dev. Bank 10 96	200	105⅜	105⅞	+0⅜	+0⅜	8.87
KFW Intl. Fin. 9 94	300	100⅜	100⅞	+0⅛	+0⅛	8.83
L.T.C.B. of Japan 9¼ 92	200	100⅝	100⅞	+0⅛	–0⅛	9.09
Metropolis Tokyo 9⅞ 93	200	101⅝	102⅛	+0⅛	0	8.78
Nippon Tel. & Tel. 9⅞ 98	250	102⅞	103⅜	+0⅛	+0⅛	8.89
Norway 8⅞ 93	500	99⅞	100⅜	+0⅛	0	8.67
Portugal 8⅞ 93	300	†98	98½	+0⅛	0	9.51
Prudential Crp. 8⅞ 94	125	†99⅞	100⅜	–0⅛	+0⅛	8.70
Sumitomo Bank 9⅞ 92	150	†101⅛	101⅝	+0⅛	0	8.98
Sumitomo Corp. W/W 4 93	1500	109⅞	110⅜	0	+0⅛	1.17
Sweden 8⅞ 96	200	99⅝	100⅛	+0⅛	+0⅛	8.76
Sweden 8⅞ 92	200	†98⅜	98⅞	+0⅛	0	9.10
Toyota 9⅞ 91	200	101	101½	+0⅛	0	8.81
Toyota Mtr. Corp. W/W 4 93	1500	100⅞	101⅜	0	–1⅛	3.59
Victorian Rep 11⅛ 92	150	104⅞	105⅜	+0⅛	0	9.24
World Bank 8⅝ 99	1500	99⅝	99⅞	+0¼	+0⅜	8.52
World Bank 9 97	300	100⅞	101⅜	+0⅛	+0¼	8.79
World Bank 9 93	300	100⅞	100⅞	+0¼	+0¼	8.74
World Bank 9¼ 98	300	102⅛	102⅝	+0⅛	+0⅛	8.81
World Bank 9⅝ 99	500	104⅜	105⅛	+0⅛	+0⅛	8.80
World Bank 9⅞ 96	300	†104⅛	104⅝	+0⅛	+0⅛	8.83

Average price change... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	94⅛	94⅝	–0⅛	+0⅛	7.27
Austria 6⅞ 99	750	96½	97¼	+0¼	–0⅛	7.21
Bk. Frgn. Econ. USSR 7 96	750	†94⅞	95⅜	–0¼	–0¼	8.03
Bank of Tokyo 5¾ 93	100	94¼	94⅝	+0⅛	–0⅛	7.63
Commerzbank o/s. 5⅞ 93	300	94	94½	0	0	7.41
Credit Foncier 6¾ 99	500	96⅛	96⅝	0	–0⅛	8.24
E.I.B. 6¼ 99	600	95¼	95⅝	+0¼	+0⅛	7.20
E.I.B. 6½ 99	300	95	95½	+0¼	+0⅛	7.20
E.I.B. 6⅝ 96	600	97	97⅝	+0⅛	+0¼	7.16
E.I.B. 6⅞ 95	300	98⅛	98⅝	+0¼	0	7.18
Euro.Coal& Steel 5¾ 97	175	91⅞	92⅜	+0⅛	–0⅜	7.29
Eurofima 6¼ 96	100	93⅞	94½	0	–0¼	7.36
Elec De France 5⅞ 97	300	90⅞	91⅜	0	+0¼	7.27
Hydro–Quebec 6¾ 99	300	96⅝	97	+0¼	–0⅛	7.25
Japan Dev. Bk. 5⅞ 95	300	90⅞	91⅜	0	–0⅜	7.46
Japan Finance 5⅜ 97	100	90⅞	91½	–0¼	–0⅜	7.32
I.A.D.B. 7¼ 99	300	99⅝	100⅛	+0⅛	0	7.26
Ireland 6½ 97	300	93½	94	0	–1⅛	7.61
Ireland 7¼ 99	500	98¼	99⅛	+0¼	–0⅜	7.41
Malaysia 6¾ 94	150	95⅝	96⅛	0	–0¼	7.27
Nat. West BK. PLC 6 98	300	90⅞	91⅛	0	–0⅛	7.41
N.H.L. Finance 6¼ 95	200	†92	92½	+0⅛	–0⅜	7.89
Nippon Telg. & Tel. 6 95	400	94⅛	95¼	0	–0⅜	6.44
Oesters. Kontbk. 5 93	300	92¼	93⅛	+0⅛	0	7.39
Portugal 5⅝ 92	150	95⅛	95⅞	0	–0⅜	7.51
Portugal 6⅝ 95	150	97⅝	98⅛	0	–0⅛	7.05
Privatbanken 5¼ 93	150	92⅞	93⅜	0	–0⅜	7.56
Royal Insurance 5½ 92	300	95½	96	0	+0½	7.39
Turkey 6½ 95	500	93½	94¼	+0⅛	+0⅞	7.88
Union Bk. Finland 5½ 94	200	95⅝	94⅜	+0¼	–0⅛	7.20
World Bank 6 98	500	91¼	92⅜	+0¼	–0⅛	7.21
World BK. 6¼ 97	600	93⅝	94¼	+0⅛	–0½	7.83
World Bank 6⅞ 99	600	96½	96⅞	0	–0⅜	7.24

Average price change... On day +0⅛ on week –0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5 96	150	†90½	91½	0	–0½	6.68
Asfinag 5 03	100	†87	88	+1	+1⅛	6.38
B.F.C.E. 4½ 98	200	†89	90	–0⅝	–1¼	6.08
B.M.W. Fin. Neth. 5 13	150	†86	86¾	0	–0½	6.12
Britannia B/S. 4⅝ 94	100	†89⅛	90⅛	–0⅛	+0⅛	6.88
CIR. Int. W/W 3 93	125	†89	89¼	0	–1	6.31
Credit Lyonnais 4⅞ 00	100	†88⅞	89	0	–0⅜	6.20
E.I.B 4⅝ 98	150	†88½	89½	–0⅛	–1½	6.30
Fin. Exp. Cd. 8¼ 92	75	†100¼	100¾	–0¼	–0⅛	8.06
Fletcher Chall. 4⅞ 98	150	†80½	82	0	+1¼	7.99
I.A.D.B. 6 2004	200	†98	98⅞	0	0	6.20
Kobe City 4⅝ 98	150	†88½	89	+0½	–0¼	6.33
Leeds Perm. B/S. 4⅞ 93	200	†89½	90	+1¼	–1⅛	7.53
Malaysia 5¼ 98	100	†85½	86	+0⅛	+0⅜	7.52
Maxwell Comm. Crp. 5 95	150	†80	80⅞	0	–6	9.62
Nat. Bk. Hungary 5½ 94	75	†88	90	+2	+1⅞	8.17
Nationwide Ang. B/S. 4 93	200	†90	90⅞	+0⅜	–0¼	7.03
Prov. Newfoundland 5 03	150	†85	86	–1	–2½	6.60
Thailand 4⅝ 95	200	†82	83	+0½	0	8.59
World Bank 5 03	150	†87¼	87½	–0⅝	–1⅞	6.40

Average price change... On day +0⅛ on week –0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅝ 91	80	100½	100¾	0	–0¼	5.61
Canada 5⅝ 93	80	100¼	100½	–0⅛	–0⅜	5.51
Eurofima 5 1995	20	97⅛	97⅞	0	–0½	5.56
E.I.B. 4⅞ 93	30	97¾	98	0	–0½	5.57
Ireland 5⅛ 93	30	98⅜	98⅞	0	–0⅜	5.55
Norway 5⅛ 95	50	98⅜	98⅞	+0⅛	–0⅝	5.44
Sweden 4⅝ 93	50	97	97¼	+0⅛	–0¼	5.52
World Bank 5⅛ 98	10	97⅝	98⅛	+0⅛	–0¼	5.44
World Bank 7 94	20	105½	106	–0⅛	–0½	5.53

Average price change... On day +0 on week –0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	96⅞	97¼	0	–0⅜	11.06
Abbey Nat. 11¼ 95 £	100	96½	97	–0¼	–0⅜	12.45
Aegon 7⅛ 92 Fl	100	100¼	100¾	+0⅛	–0⅛	7.86
Alg. Bk. Ned. 5¾ 93 FL	200	93¼	94¼	0	–0⅛	7.78
Austria 7½ 94 ECU	100	95⅛	95⅝	+0¼	–0¼	8.77
Bk. Nova Scot. 14⅞ 90 A$	75	†95¼	96¼	–0¼	+0⅛	18.45
Barclays Aus. 13½ 91 A$	100	94⅞	95⅜	0	0	16.58
Belgium 8⅛ 94 Ecu	150	97½	98	+0¼	–0¼	8.74
BP Capital 9¾ 93 £	100	92¼	92⅞	–0¼	–0¼	12.46
British Airways 10 98 £	100	89¼	89¾	–0¼	–0⅛	12.03
Brit. Telecom 9½ 93 £	150	92⅜	92⅞	–0⅜	–0⅛	12.30
Comm. Bk. Aust. 12⅝ 93A$	100	†92⅛	92⅝	+0⅛	–0½	15.44
Comm. Bk. Aus. 13¼ 94 NZ$	60	104⅛	104⅞	+0⅜	+0⅜	12.44
Credit Foncier 9 96 Ecu	100	100½	101	+0⅜	–0¼	8.83
CrLocalFrance 9¼ 92Ecu	100	100¼	101⅛	+0⅛	–0⅞	8.78
Deut. Bk. Aus. 13⅞ 93 A$	125	95⅛	96	0	–0¼	14.81
Deutsche Bk. Fin. 15 94 A$	100	100⅜	100⅞	0	–0½	14.72
E.I.B. 7 96 LFr	100	†96½	97½	0	0	7.60
E.I.B. 7⅛ 99 FL	150	97¼	97⅜	0	0	7.51
E.I.B. 9 99 Ecu	150	101¼	101½	–0¼	–0⅝	8.79
Eurofima 7⅝ 94 Ecu	100	95⅞	96⅜	+0¼	–0⅜	8.72
Export Dv. Crp. 8¾ 92Ecu	100	99¾	100⅛	+0¼	–0⅜	8.76
Fed. Bus. Dv. Bk. 9 94 Ecu	100	100	100⅜	+0¼	–0¼	8.94
Fed. Bus. Dv. Bk. 9¾ 92 C$	75	†97⅛	98⅛	0	+0¼	10.66
Fed. Bus. Dv. Bk. 10½ 93C$	50	†98⅜	99⅜	0	+0⅛	10.85
Ferrv. Stato 7¾ 93 Ecu	100	95⅞	96⅜	+0⅜	–0¼	9.01
Ford Cr. Can. 10¾ 93 C$	100	†98⅞	99⅛	0	0	11.03
Ford Cred. Can. 10⅞ 96C$	125	100⅛	100⅜	+0⅛	+0¼	10.76
Ford Cred. Fund. 10⅜ 93£	60	95	95½	–0⅛	–0¼	12.27
G.M.A.C. Canada 11 3/4 94C$	100	102⅛	102⅞	+0⅛	+0⅜	10.94
Heineken 7⅝ 94 FL	150	101⅜	102⅛	–0⅛	–0⅜	7.62
Hydro–Quebec 11 99 C$	400	101⅜	102	0	+0¼	10.67
Lloyds Bank 10¼ 98 £	150	90½	91	–0¼	–0¼	12.03
Lloyds Bank 11⅛ 98 £	100	94⅛	94⅝	–0¼	0	12.41
Montreal Tst. 10¾ 93 C$	100	†98⅛	98⅞	0	–0¼	11.18
Nat. Aus. Bk. 14⅜ 94A$	100	98	98⅝	0	–0⅜	15.29
New Zealand 9½ 93 £	100	91⅛	91½	–0⅜	–0⅛	12.65
O.E.K.B. 10¼ 99 C$	150	98⅛	98½	0	–0¼	10.53
Privatbanken 7½ 94 LFr	500	†97½	98½	0	–0¼	8.03
Royal Bk. Scot. 10⅝ 98 £	125	92⅞	93¼	–0¼	–0⅜	12.03
Saskatchewan 9⅞ 91 C$	150	†98	98½	0	+0⅛	10.95
Saskatchewan 10¾ 93 C$	200	98¼	98⅛	0	–0⅛	10.74
State Bk. NSW. 13⅞ 93A$	100	95	95½	0	0	15.46
Sweden 7½ 93 Ecu	250	95⅝	96⅛	+0⅜	–0¼	8.72
Sweden 15 94 A$	100	101⅛	101½	–0⅛	–0¼	14.52
Toyota Mtr. Cr. 11⅜ 92C$	150	101¼	101⅜	+0¼	+0¼	10.69
World Bank 7⅛ 99 FL	300	97¼	97⅜	0	0	7.49
World Bank 13⅜ 92 A$	100	97¼	97⅜	–0¼	–0⅛	14.52
World Bank 14¼ 94 A$	75	98⅞	99⅛	0	–0⅛	14.48
Zentrspk. 13¼ 93 A$	75	†94⅛	95⅛	0	–0⅛	15.00

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Old 94 £	.08	99.98	100.03	24/10	14.08
Bank of Greece 99 US	0¼	99.62	99.72	8/03	9¼
Belgium 91 US	0	100.07	100.17	21/02	8.81
Chelt. & Gloucester 94 £	.063	99.83	99.87	30/11	14.06
Credit Foncier 98 US	.063	99.99	100.09	20/10	10.16
Dresdner Finance 99 DM	.031	99.82	99.92	30/10	6.97
EEC 3 92 DM	0	100.08	100.18	22/02	6¼
Halifax BS 94 £	.1	100.09	100.14	9/11	13.97
Invt. in Industry 94 £	0¼	99.96	100.06	24/11	14.06
Leeds Perm. B/S. 94 £	0⅛	100.15	100.20	13/10	14.06
Milk Mkt. Brd. 5 93 £	0⅛	99.99	100.04	29/12	14.94
New Zealand 5 97 £	.07	99.98	100.08	18/11	13.19
Northern Rock 92 £	0½	99.86	99.91	20/01	5¼
State Bk. New. 98 US	.188	100.07	100.17	11/02	8.81
Woolwich Equit. BS. 93 £	0¼	100.15	100.20	13/10	14.06
Woolwich 5 95 £	0⅛	99.92	99.97	21/11	14.06

Average price change... On day 0.00 on week +0.01

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62	128⅝	129⅝	+2	1.66
Amer. Brands 7¼ 02 US	9/87	56.7	134	135	+1⅞	–1.76
CBS. Inc. 5 02 US	4/87	200	106¼	107⅛	+0⅛	2.46
Primerica 5½ 02 US	4/87	66.75	72½	73½	+0⅝	70.97
Eng. China Clay 6½ 03 £	9/88	4.8	100⅞	101⅞	+0¼	5.65
Fujitsu 3 99 US	5/84	1106	219⅝	220⅝	–6	–2.93
Ladbroke 5¾ 04 £	6/89	7.1	106¼	107⅛	+0⅛	126.92
Land Secs. 6¾ 02 £	6/87	6.72	95⅞	96⅞	+0¼	14.02
Minolta Camera 2¼ 94DM	2/86	1004	109	110⅛	+0¼	7.80
NCA Inc 5½ 02 US	9/87	69.62	106	107	+0⅛	9.24
Mitsubishi Bk. 3⅞ 04US	5/89	3266	94⅝	95⅝	–0⅛	2.66
Next Plc 5½ 03£	11/87	4.3	99⅞	100⅞	+0¼	259.82
Nichi Nipp. Bk. 2⅞ 03 US	4/88	804	134½	135½	–2½	0.50
Omnicom Inc. 6 1/2% 04 US	10/89	28	102⅞	103⅞	0	17.29
Omron Tateisi 2⅞ 02 US	4/87	1310	296⅛	297⅛	0	1.83
Ranks Hovis 4⅞ 03 £	1/88	3.5	127⅞	128⅞	–0⅛	–1.35
Redland 7¼ 02 £	†1/87	5.4	104	105	+0¼	1.86
Saatchi&Stchi 6⅞ 03 £	†10/89	4.41	92½	93½	+0½	38.56
Silicon Graphics 8 04 US	6/89	29.18	112⅞	113⅞	+0¼	9.02
Sumitomo Bank 3⅛ 04 US	2/89	4296	83⅛	84⅛	0	15.15
Texas Inst. 2⅞ 02 US	9/87	82.87	76⅛	77⅞	+0⅛	63.86
Utd. N'papers 8 04 £	10/89	8.77	111½	112½	+1⅛	104.94
W.R. Grace 6⅞ 02 US	9/87	42.12	99⅜	100⅛	–0½	15.65

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed recurrency of share at conversion rate fixed at issue. Prem=Percentage premium of the currenteffective price of acquiring shares via the bond over the most recent price of the shares.

NZ traders take DFC failure in their stride

By Terry Hall in Wellington and Anatole Kaletsky in New York

NEW ZEALAND financial markets yesterday made light of Tuesday's failure of DFC New Zealand, the former government agency turned merchant bank in which Salomon Brothers, the US investment bank, has a 20 per cent shareholding.

The share market stayed buoyant with price rises outnumbering falls by a ratio of 3 to 1, and the money market was little changed. The NZ dollar eased slightly, however, as dealers showed concern at the wider impact of New Zealand's biggest corporate collapse.

In part, this muted reaction reflects the fact that the collapse of DFC was entirely unexpected following the gradual downgrading of the bank's credit rating.

Yet further evidence of official concern emerged yesterday when Mr Don Brash, the governor of the central bank, told a parliamentary select committee that the bank had been closely scrutinising the DFC since last November.

DFC's major shareholder with 80 per cent is National Provident Fund, a local mutual group. Both it and Salomon have declined put fresh capital into DFC.

Salomon in New York said that discussions with the New Zealand Government were being handled by National Provident, as the majority shareholder. They indicated that Salomon was likely to follow National Provident's lead in any resolution plan for DFC.

Salomon officials noted that Mr Paul Collins, National Provident's chairman, had been reported as saying that DFC would have needed a capital injection of "hundreds of millions of dollars" to remain solvent and that National Provident was not prepared to provide this.

As the minority shareholder, Salomon was unlikely to come forward with large amounts of capital either, officials said.

The statutory managers appointed to try to restructure DFC, would make no comment yesterday. Work continued on several DFC-funded building projects.

The managers are expected to concentrate on the bank's heavy overseas borrowings. It is understood they are having to deal with often hostile reaction from international lenders, whose assets in the bank have been frozen.

Mr David Caygill, the New Zealand minister of finance, said that the DFC collapse would have little effect on the economy overall.

"It is probably too early to say whether significant sums of money will be lost," he said. "In effect, the DFC was insolvent. It had run out of money. But that is not the same as saying that people might lose money.

"It could be that in time most of the liabilities can be matched against DFC's assets," Mr Caygill said.

Toronto lawyers in merger

FASKEN MARTINEAU Walker is merging its Toronto arm with Campbell, Godfrey & Lewtas, of Toronto, to form Canada's largest legal firm with 352 lawyers, Robert Gibbens writes from Toronto.

The merger is the latest in a series of consolidations among law firms and other professional groups, driven by the demand for full service, greater speed and expertise. The hight cost of computerisation is a factor.

The new firm will have offices in London and Brussels and links with the Pacific Rim.

INTERNATIONAL CAPITAL MARKETS

Europe braced for German rate hike

By Rachel Johnson in London and Janet Bush in New York

EUROPE'S government bond markets were yesterday bracing themselves for a rise of at least half a percentage point in West German interest rates at the Bundesbank policy-setting council meeting today.

It seems that whatever the bank does, the markets will remain nervous: in the unlikely event of credit policy being left unchanged, markets will have to readjust. With a half a point rise, they will start waiting for the next increase, and with a full point rise, bond prices suffer an immediate drop, at least initially.

GOVERNMENT BONDS

German government bond prices were fixed slightly higher, but prices were undercut by the failure of the Bundesbank to roll over the full amount of repurchase agreements maturing yesterday, thereby draining of DM8.8bn from the money markets. This left prices either unchanged or at most 5-10 pfennigs higher.

The domestic bond market has fully discounted a rise of at least half a point in interest rates, but the coupon on a DM4bn 10-year Federal bond to be launched on Monday was anybody's guess.

Some European countries are presumed to follow suit if the German central bank raises rates – notably France and the Netherlands. The French Government's commitment to keep the franc stable against the D-Mark seems likely to tie it to any change in German credit policy.

Apprehension ahead of the meeting kept the French market volatile, especially at the shorter end, while domestic investors stayed away. The December contract on the Matif futures market in Paris traded down over the day, opening at 107.04 but closing at 106.60.

The Dutch guilder's traditional ties to the D-Mark, both on interest rates and foreign exchanges, means that the central bank is expected to do whatever the Bundesbank does. "But if rates remain unchanged, the outlook will be bullish on both ends of the yield curve," a trader said.

The UK government bond market is discounting a rise in German rates today, but is not expecting the Chancellor to bow to market forces and raise domestic rates in response.

As the Conservative party conference looms, it becomes increasingly likely that the UK authorities will intervene on the foreign exchanges to support sterling, rather than raise rates, especially in the wake of August's trade figures.

However, there is a contrary view that the Chancellor may wish to increase UK interest rates when he has an opportunity to blame it on the Germans.

In relatively quiet trading, bond prices slipped around a half point across the board, with the benchmark 2003/07 bond falling by $\frac{3}{32}$ to close at $111\frac{7}{32}$.

The only European markets likely to operate independently of the German moves are those, like Italy or Spain, whose currencies are strong on the foreign exchanges.

■ US Treasuries yesterday morning pulled back modestly from their gains so far this week, partly undermined by a softening in the dollar. Fluctuations were limited and trading dull.

At midsession, short-dated maturities stood around ¼ point lower.

The Treasury's benchmark long bond was $\frac{1}{16}$ point down for a yield of 8.16 per cent. But this was still well above price levels at the beginning of the week.

The dollar dipped back to Y141.00 and DM1.9775 at the New York midsession yesterday, some way off its highs on Tuesday.

There was some consternation in the bond market early yesterday when the Fed Funds rate spiked up to a high of 9¼ per cent. However, the Funds rate had eased back to $8\frac{15}{16}$ per cent by midsession.

There was little overall direction in the market yesterday morning with no major economic indicators due for release until September's employment data tomorrow. US financial markets are also anxiously awaiting the outcome of today's policy-making Bundesbank council meeting to see whether the widely-expected rise in the Lombard rate is announced and how large that rate hike will be.

The only economic news expected yesterday was the announcement of car sales by major manufacturers in late September.

Strong auto sales have given a significant boost to overall retail sales in recent months but analysts generally expect sales to have come off late last month.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-07	-7/32	11.77	11.79	10.99
		9.750	1/98	94-19	-18/32	10.76	10.63	10.28
		9.000	10/08	94-13	-13/32	9.65	9.62	9.32
US TREASURY *		8.000	8/99	98-18	-2/32	8.22	8.29	8.19
		8.125	8/19	99-18	+1/32	8.18	8.25	8.14
JAPAN	No 111	4.600	6/98	95.9709	-0.056	5.28	5.17	5.15
	No 2	5.700	3/07	105.3479	-0.096	5.12	5.05	5.06
GERMANY		6.750	6/99	98.2000	-0.050	7.01	7.01	6.85
FRANCE	BTAN	6.000	7/94	95.6274	-0.180	9.15	9.04	8.65
	OAT	8.125	5/99	95.4600	-0.240	8.83	8.72	8.39
CANADA *		9.500	10/98	98.6500	+0.150	9.73	9.80	9.50
NETHERLANDS		7.250	7/99	99.0400	+0.110	7.39	7.33	7.19
AUSTRALIA		12.000	7/99	91.1846	-0.099	13.65	13.44	12.93

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Traders up in arms over sterling bond issues

By Andrew Freeman

A FULL Stock Exchange inquiry is underway after at least two UK market-makers complained about dealings on Tuesday in long-dated Eurosterling bond issues ahead of yesterday's buy-in of Redland's £100m 10¾ per cent issue due 2014.

It is thought that details of the likely terms of the buy-in were discussed with a number of investing institutions before the operation was launched for the company by the broker Cazenove. However, it is not clear who approached the institutions. A Cazenove official refused to comment on the deal.

Such soundings, which involve price sensitive information, are normal before new tender issues, but were described by one trader as extremely unusual in the case of a reverse tender.

At least one institution, possibly a UK pension fund, acted on the information, contacted several market-makers and bought substantial amounts of Redland and other similar bonds on Tuesday.

When the buy-in was announced yesterday morning, the price of the Redland issue jumped 2½ points to the offer level of 93 per cent, while spreads of other long-dated Eurosterling issues narrowed sharply as traders anticipated switching activity by investors looking to match liabilities.

The Stock Exchange refused to confirm that it was conducting an inquiry, but leading market-makers said complaints had been registered with the Exchange and that an inquiry would inevitably follow. It is understood there were complaints about dealings in Redland stock and that of other bonds for Tesco and Hammerson.

The buy-in, which Redland said was to allow it to re-finance its international borrowings more cheaply, was successfully conducted. By the close of the offer, £90.36m of the deal had been bought at a spread of 170 basis points over the 9 per cent Treasury stock. On Tuesday, the bonds closed at a spread of 201 basis points over the gilt.

Futures brokers watchdog fights for survival

The AFBD's relationship with the SIB is still highly contentious, writes Katharine Campbell

The annual council elections of a small self-regulatory organisation (SRO) are not generally calculated to engender much passion among the membership at large. But the relatively noisy election campaign that has been run over today's vote for three seats on the council of the Association of Futures Brokers & Dealers speaks of considerable controversy over the future of the organisation.

The AFBD, which has emerged from a largely successful drive to rid the commodities business of most of its more dubious operators, now finds itself ready to review its position, and eager to take on broader powers. But, as the smallest SRO, it is severely constrained by high and growing costs, which raise fundamental questions as to the viability of its independence in the future.

At the same time, the overall regulatory structure pertaining to futures – as well as other markets – is beset with both overlaps and underlaps of competence, some of which also directly concern the AFBD at present.

For a start, as with other SROs, the AFBD's relationship with the Securities & Investments Board continues to be a major bone of contention. The potential damage to London firms of the escalating costs of regulation is urgently apparent to the association, and a large slice of overall revenues are absorbed by SIB.

In the context of this drain of its funds, the AFBD has been considerably dissatisfied with some of SIB's efforts to represent the interests of its own membership.

It has fallen for instance to AFBD officials to deal with the uproar that followed SIB's concessions to US regulators earlier this year in connection with the so-called part 30 exemption governing British firms' dealings with US clients.

Again, the current structure, impenetrable as it may seem, leaves surprisingly large gaps in regulatory competence. The SIB, which has responsibilities for monitoring the compliance procedures of the various London exchanges, has for instance failed to find ways in which surveillance systems on the commodity markets can be brought closer in line with system in place at Liffe – a point which worries some senior AFBD officials. In this context, the association is welcoming SIB efforts to delegate a greater portion of its functions.

The head regulator recently indicated to the AFBD that it hopes to contain the costs of its futures related activities sufficiently to enable the annual contribution – last year reaching £1.5m – to stay roughly at current levels.

This is partly because the enforcement responsibilities the head regulator assumed for interim authorised firms are now much reduced since most firms have been approved.

Some AFBD officials are also keen that the functions of direct authorisation be substantially delegated to the relevant SRO. Only one commodities firm has sought direct authorisation from SIB.

All the same, the central question is whether the AFBD can continue to survive on its own, or whether it might not be more apporprately absorbed as a division of the Securities Association.

The question is an old one, and originally hard fought by commodities firms when the Financial Services Act was crafted, who fiercely resisted being absorbed into the web of securities regulation. The TSA also did not fall over itself to accumulate powers over what was then the infamous commodities business.

But now the industry has been substantially cleaned up, the arguments have somewhat changed.

The AFBD cannot survive without the revenues from financial futures firms, yet the vast proportion of the association's financial and manpower resources are spent on commodity-related issues. The council is substantially dominated by representatives of commodity firms, and could become more so.

Moreover, many of the issues before the AFBD tend to highlight the very divergent interests of the two different groups. For instance, many commodity firm representatives are keen to rewrite the rule book in accordance with SIB's new proposals, effectively revisiting a lot of the issues that arose when the association started, and attempted to accomodate the needs of the commodities markets into a futures-style framework. At the same time, financial derivatives firms, familiar with the current rule book, rile at the extra costs a rerwite would incur.

The absorption of the AFBD as a division of the TSA would undoubtedly be highly precarious for the SIB to engineer. But it is a solution that is currently receiving close attention by the authorities.

Fed canvasses markets on margin trading rules

By Janet Bush

THE US Federal Reserve has asked for public comment on rule changes which would allow certain "world class" foreign debt and equity securities to be traded on margin in the same way as US securities.

The Fed's proposed amendments to its Regulation T, on which it wants comment by November 30, follow a proposalSecurities Industry Association proposal which believes the changes would make it easier for US institutions to invest in overseas securities. Certain debt and equity securities would be allowed to trade on margin (an upfront payment which is only a proportion of the total of securities being bought).

Foreign world class securities denominated in a foreign currency could be used as margin for debt. There would be recognition of differences between clearance and settlement procedures in the foreign country, so easing restrictions.

US West acquires credit guarantor for $345m

By Andrew Freeman

FINANCIAL Security Assurance (FSA), a US company providing credit guarantees on corporate debt issues, has agreed to a $345m takeover by US West, the telecoms group which is diversifying into financial services. The issue is subject to the approval of FSA shareholders and state insurance regulators.

FSA carries a triple-A credit rating, and since its launch in 1985 has pioneered the use of its credit status to provide enhancements for asset-backed securities issued in the US and international capital markets. It has provided guarantees on some $11bn of issues, and since August 1988 has been active in the Euromarket.

The company assesses the collateral behind asset-backed deals and offers investors a full guarantee against default, event risk and fraud. The guarantee allows borrowers to achieve a cheaper cost of funding.

Merrill Lynch in India Fund offering

By Stephen Fidler, Euromarkets Correspondent

MERRILL LYNCH is offering a further 19.2m shares in the India Fund, a London-listed unit trust established to enable international investors to invest in Indian equities.

Some 18.75m shares are being offered to existing shareholders on the basis of one share for every four held, at a price of 214p per share. The offer is being underwritten by six firms, led by Merrill Lynch International. An option for over 450,000 shares has been granted for Merrill Lynch and prospective market makers.

The increase will take outstanding shares in the fund to more than 94m shares, making it the largest sterling-denominated country fund and one of the three largest such funds in the world.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	Index No.	Day's Change	Day's High	Day's Low	Oct 3	Oct 2	Sep 29	Sep 28	Sep 27	Year ago
FT-SE 100 SHARE INDEX♦	2312.1	-6.5	2331.1	2312.1	2318.6	2289.2	2299.4	2291.7	2331.2	1826.3

♦Opening index 2327.1; 10 am 2319.4; 11 am 2312.3; Noon 2314.0; 1 pm 2317.4; 2 pm 2317.4; 3 pm 2313.4; 3.30 pm 2313.9; 4 pm 2313.7

FIXED INTEREST

PRICE INDICES		Wed Oct 4	Day's change %	Tue Oct 3	xd adj. today	xd adj. 1989 to date
British Government						
1	Up to 5 years	115.93	-0.16	116.12	-	9.66
2	5-15 years	130.30	-0.46	130.91	-	9.84
3	Over 15 years	139.62	-0.60	140.46	-	11.64
4	Irredeemables	161.73	-0.77	162.99	-	8.83
5	All stocks	128.12	-0.39	128.62	-	10.11
Index-Linked						
6	Up to 5 years	138.34	-0.28	138.74	-	2.26
7	Over 5 years	136.30	-0.69	137.24	-	2.09
8	All stocks	136.34	-0.65	137.24	-	2.82
9	Debentures & Loans	110.41	+0.11	110.29	-	8.26
10	Preference	88.43		88.43	-	4.71

AVERAGE GROSS REDEMPTION YIELDS			Wed Oct 4	Tue Oct 3	Year ago (approx.)
British Government					
1	Low	5 years	10.32	10.20	9.75
2	Coupons	15 years	9.64	9.54	9.36
3		25 years	9.50	9.44	9.06
4	Medium	5 years	11.21	11.11	10.17
5	Coupons	15 years	10.04	9.96	9.59
6		25 years	9.62	9.55	9.23
7	High	5 years	11.32	11.22	10.27
8	Coupons	15 years	10.24	10.16	9.74
9		25 years	9.77	9.70	9.31
10	Irredeemables		9.57	9.49	9.05
Index-Linked					
11	Inflation rate 5%	5yrs.	3.65	3.55	3.28
12	Inflation rate 5%	Over 5 yrs.	3.46	3.42	3.86
13	Inflation rate 10%	5yrs.	2.84	2.73	2.14
14	Inflation rate 10%	Over 5 yrs.	3.50	3.45	3.69
15	Debs &	5 years	13.39	13.21	11.76
16	Loans	15 years	12.27	12.25	11.21
17		25 years	11.59	11.55	10.97
18	Preference		10.45	10.45	10.23

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	101	3
Corporations, Dominion and Foreign Bonds	0	11	30
Industrials	340	425	829
Financial and Properties	158	128	383
Oils	26	32	35
Plantations	1	0	10
Mines	60	37	76
Others	110	44	97
Totals	695	778	1,463

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
57	F.P.	-	66½	57	Babcock Intl. Group 10p	57½	-½	u3.0	1.7	7.0	9.9
120	F.P.	-	133	123	Birse Group 10p	133		L4.25	2.3	4.3	10.2

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

● First Dealings Sep 25
● Last Dealings Oct 6
● Last Declarations Dec 21
● For settlement Jan 8

For rate indications see end of London Share Service

Calls in Ferranti, Costain, Laing, Regentcrest, Brasway, ChristEurotunnel Units, Morgan Grenfell, Cadbury Schweppes.

LONDON TRADED OPTIONS

THE TRADED options market turned quiet yesterday as dealers waited nervously for today's Bundesbank council meeting which is widely expected to result in higher West German interest rates. Options dealers feared that the Bank of England could be forced into increasing UK rates in order to defend sterling.

Worries that share prices could tumble if the Bundesbank tightens monetary policy led some dealers to bid for expensive FT-SE 100 index put options. "A few people had only just woken up to the importance of the Bundesbank meeting and had to pay up for them," one dealer said.

The concern that the broad share market could fall was reflected in the day's turnover figures. The FT-SE option traded 9,771 contracts, of which 6,158 were puts and 3,613 were calls. The most active series was the October 1989 2,400 call, which traded 1,399 contracts.

Total turnover on the options market amounted to 29,582 contracts, of which 17,056 were calls and 12,526 were puts.

Among the company options, the most widely traded were those boosted by takeover talk. Jaguar was the busiest as speculation continued to swirl around the market that General Motors may be set to enter the fray for the luxury UK car manufacturer. Jaguar turned over 2,040 contracts, of which 1,334 were calls and 706 were puts. The most actively series was the October 600 call, which traded 425 contracts.

Asda was the second most active contract with takeover speculation still the order of the day after the Belzberg brothers, the Canadian arbitrageurs, increased their stake in Asda last week to just under 5 per cent. Asda traded 1,912 contracts, of which 1,657 were calls and 255 puts. The November 180 call was the busiest series and traded 790 contracts.

Grand Metropolitan also featured on talk that Sir James Goldsmith and his partners in the Hoylake consortium had already built a 2.5 per cent stake in the company. It traded 1,893 contracts, divided between 1,453 calls and 440 puts.

UK COMPANY NEWS

Higgs and Hill declines to £10m

By John Ridding

THE DEPRESSED *housing* market and exceptional charges prompted a fall in pre-tax profits at Higgs and Hill, tha building and property group, from £11.26m to £10.09m for the six months to June 30.

Turnover increased from £160.52m to £188.46m, but earnings per share slipped from 20.1p to 18.5p. Nevertheless, the interim dividend has been raised to 4.4p (4p).

Sir Brian Hill, chairman, said that unit house sales had fallen by 35 per cent compared with the first half of last year and that the problem was continuing. "Until the Government has brought inflation under control and interest rates fall we do not expect a return of purchaser confidence in the housing market."

The exceptional items comprised a credit of £1.56m from the profits on the sale of the company's 14.9 per cent stake in Rush & Tompkins, the property developer and contractor. But this was more than offset by a charge of £2.77m resulting from the settlement of arbitra*tion proceedings brought by* the South Western Regional Health authority.

The proceedings concerned a problem of alkali silica reaction in the structure of the Royal Devon and Exeter Hospital, a project which was completed in 1973. Full provision for the agreed settlement has now been made.

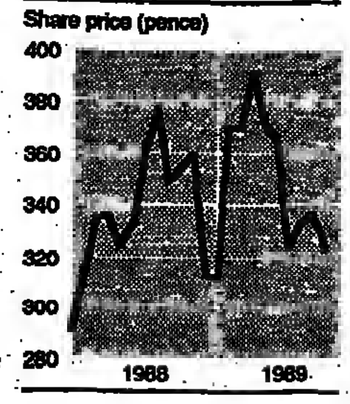
A number of board changes were also announced yesterday. Sir Brian will step down as chief executive, but remains executive chairman. Mr John Theakston becomes joint managing director and is replaced as finance director by Mr Colin Archer, previously the group financial controller of Storehouse, the retailing group.

Sir Brian said the changes were part of the group's strategic review. But one analyst said the appointment of Mr Theakston, who is 37, suggested that the group was considering the process of succession and that it was signalling its intention to remain independent.

Sir Brian said the performance of the group's construction and property businesses were "in marked contrast" to the housebuilding activities.

Construction achieved a substantial increase in profits and the order book for 1990 is at a high level. There was a strong performance from UK and French property companies and the group's first Dutch development has commenced.

Higgs & Hill



● **COMMENT**

Higgs and Hills' results demonstrate just how nasty the housing market has become in the south-east where its business is concentrated. But this is not exactly news and the falling unit sales have already been largely discounted in the share price, which shed 3p to close at 325p. Yesterday's figures also show the importance of the other strings in Higgs' bow. The property market has been peaking as house sales have plunged and continued earnings growth can be expected from both sides of the Channel. Similarly, construction shows no sign of easing. But for the moment, compensation for the housing slump is perhaps the most that can be expected. For the full year, analysts are looking for about £24m, down from original forecasts of £28m, and £1m less than in 1988. The company is still one of the most highly regarded in the sector, but until interest rates come down, the prospective multiple of 7.6 is unlikely to improve.

All-round growth expands Hewden Stuart 43% to £19m

By John Ridding

STRONG GROWTH across virtually all its activities lifted Hewden Stuart, the Glasgow-based plant hire group, to pre-tax profits of £19.35m for the six mouths to July 30, an increase of 43 per cent.

Group turnover increased from £100.5m to £117.6m, of which £46m came from the sales division and the balance from hire operations.

Fully diloted earnings per share rose from 5.01p to 7.15p and the interim dividend is raised from 0.6p to 0.75p.

The sale of surplus group properties added about £1.3m to profits, but interest costs were up at £2.25m (£1.71m.)

Sir Matthew Goodwin, chairman, described the results as excellent and said they had been achieved despite "an easement in demand in the south and Midlands reflecting tha deterioration in the housing market."

He expected this slowing to continue for some time but the geographic and operational diversity of the group provided protection.

Hewden expected profits in the second half to be "usefully ahead of the same period last year."

Hewden does not break down profits at the halfway stage, but said they were relatively evenly spread across the various businesses.

However, the London merchandising activities suffered from pressure on margins and achieved only flat profits.

Capital expenditure was increased during the period from £25m to £28m. Hewden expected expenditure of £17m in the second half.

● **COMMENT**

Hewden's results came in at the very top of expectations and represent the latest chapter in its story of success. Equally familiar, however, was the lack of breakdown concerning divisional performance and sector exposure. This is not really Hawden's fault, given the difficulties in keeping tags on where each compressor ends up, but it does add a pinch of uncertainty. Analysts estimate, however, that less than 10 per cent of business is related to the housing sector, the only area of concern. With gearing heading down to 20 per cent, good geographical and operational spread and a broad customer base, the only question mark concerns the possibility of a hard economic landing. Hewden, like everyone else in construction, would suffer should this occur. But anything milder seems easily manageable, with contractors likely to switch from purchase to hire. Pre-tax profits should reach £36m for the full year, and another mild winter could add up to £2m more. The prospective rating of just over 9 is a premium to the sector, but justifiably so.

Delta shares rise on news of Tomkins' 2% stake

By Clay Harris

SHARES in Delta, the electrical equipment, engineering and indnstrial services group, rose 18p to 353p yesterday after Tomkins, the industrial holding company, disclosed that it had built up a stake of just under 2 per cent.

Tomkins said it had no present intention of making a bid for Delta, but it reserved the right to review its position if circumstances changed.

The 2.9m shares had been bought during its current financial year, which began on May 1, at an aggregate cost of about £10.3m, Tomkins said.

The cumulative purchases constituted a Class II transaction under Stock Exchange rules.

Companies must disclose to shareholders any purchase of assets which comprise more than 5 per cent of net assets.

Delta declined to comment yesterday, but it is known to have made inquiries under Section 212 of the Companies Act to discover the beneficial ownership of the shares in question.

Hillsdown stake in Hill & Knowles

By Clay Harris

Hillsdown Holdings, the food, property and furniture group, is paying £1.93m in shares for a 70 per cent stake in Hill & Knowles, a designer and marketer of fabrics and wall coverings. It will also assume about £1.5m in debt.

The acquisition will enable Christie-Tyler, Hillsdown's furniture and furnishings subsidiary, to increase the number of co-ordinated ranges it offers. At present, its only operation in Hill & Knowles' sector is Dovedale Fabrics.

Elson and Robbins hit midway

The cutback in consumer spending on bedding and furniture hit Elson and Robbins in the first half of 1989, and it saw pre-tax profit fall from £591,000 to £59,000.

Turnover improved from £7.66m to £8.94m.

Action taken should improve the operating position in the second half. Earnings were 0.36p (3.86p).

John Maunders surges by 50% to over £7m

JOHN MAUNDERS, residential property developer, produced record results for the year to June 30. Pre-tax profits showed an *increase of 50 per cent* from £4.77m to £7.14m on turnover which increased 26 per cent to £53.1m.

Mr John Maunders, chairman, said the results had been achieved against a background of differing regional markets with margins in the East Anglia and southern operations deteriorating, while the market in the north west remained buoyant.

He said that the number units sold last year totalled 676 against 745 units but the average house selling price increased from £52,000 to £78,000 thereby preserving the land bank.

Mr Maunders said it was group policy to sell ahead of construction and the group was now selling for completions in the spring of 1990. Forward sales for completion in the first half of the current year were sufficient to meet targets.

He concluded that house selling prices in the north west had stabilised and, assuming current markets did not deteriorate further, the group with conservative borrowings, a prime land bank and a good forward sales position, could look forward to another year of growth.

Interest payable more than doubled last year from £1.11m to £2.43m; after tax of £2.5m (£1.67m) earnings came out at 19.1p (12.66p). The final dividend is a proposed 2.65p (2.1p) making a total of 4.75p (3.15p).

Isopad pays £1.5m for West German acquisition

By Andrew Bolger

ISOPAD International, which makes heat control equipment, has paid DM4.5m (£1.5m) for Heraeus Wittmann, a West German company which designs and makes electrical surface heating equipment.

Wittmann was established in 1964 and employs 100 people at its factory in Heidelberg. Its customers are mainly involved with high-temperature heating applications in laboratories and the nuclear research and petrochemical industries. Last year it incurred a pre-tax loss of £65,000 on turnover of £4.4m.

Isopad, established by three Second World War refugees from Czechoslovakia, obtained a full listing last year through a placing valuing it at £13.6m. In 1988, it made pre-tax profits of £2.5m on turnover of £18.3m.

It is a market leader in Europe with electrical heat tracing equipment, a method of heating pipes and containers by applying insulated electrical wire or foil to their surface.

The directors said the combination of Isopad's expertise and Wittmann's strong product range and customer base should quickly return Wittmann to profitability.

Mr Herbert Breit, a director of Isopad and managing director of its long-established West German subsidiary, has also been appointed managing director of Wittmann.

Renaissance leads refinancing for Lamdec

By Ivor Duce

A £900,000 refinancing for Lamdec, a private company in process engineering and design, has been completed. The leading investor was Renaissance Holdings, a specialist in company turnround and recovery situations.

Mr John Sidwell, a Renaissance senior executive who joins the Lamdec board as chairman, said Lamdec was in negotiations over a number of contracts in the engineering field. At present it was concentrating in the UK although there was a chance that it could look overseas later.

The company, which currently has a turnover of around £10m, has obviously been lacking a little on managerial expertise. Mr Patrick Giles, who has recently been appointed Lamdec managing director, said the company had grown rapidly in the last few years and had one of the best teams of process engineers in the country. But all that had been jeopardised by delayed payment on one major contract, a US company operating in the UK, and slack controls on others.

Renaissance, which has an option on an equity interest, does not discount acquisitions in the future but said that for the time being the main objective was building up the core activity.

SHARE STAKES

Changes in share stakes announced recently included:

Admiral Computing: Directors stakes: C James has disposed of 150,000 ordinary 1.42 per cent. The total holding is now 2,484,725 ordinary (23.38 per cent).

Bisichi Mining: Janter has disposed of 425,000 ordinary leaving a total holding of 646,200 (6.18 per cent).

Company of Designers: John Warren, a director, has acquired 97,291 ordinary (0.61 per cent) making his total holding 1m ordinary (6.34 per cent).

Davy Corporation: Abu Dhabi Investment Authority has disposed of 750,000 beneficially held ordinary (0.75 per cent). the total holding is now 6.9m (6.94 per cent). Shares are registered in the name of Nbad Nominees.

PUBLIC WORKS LOAN BOARD RATES

Effective October 4

Years	Quota loans repaid: by EPI†	At††	at maturity§	Non-quota loans A* repaid: by EPI†	At††	at maturity§
1			13⅜			14⅛
Over 1 up to 2	13⅛	13	12¼	14⅛	14	13
Over 2 up to 3	12½	12½	11¾	13½	13½	12½
Over 3 up to 4	12⅛	12	11½	13⅛	13	12¼
Over 4 up to 5	11⅞	11¾	11⅜	12⅞	12¾	12⅛
Over 5 up to 6	11¾	11⅝	11¼	12¼	12⅛	11¾
Over 6 up to 7	11⅝	11½	11¼	12⅛	12	11¾
Over 7 up to 8	11½	11⅜	11	12	11⅞	11½
Over 8 up to 9	11⅜	11⅜	10⅞	11⅞	11⅞	11⅜
Over 9 up to 10	11⅜	11¼	10⅝	11⅞	11¾	11⅛
Over 10 up to 15	11⅛	10¾	10¼	11⅝	11⅛	10¾
Over 15 up to 25	10⅜	10⅛	9⅞	10⅞	10⅝	10⅜
Over 25	10	9¾	9¾	10½	10¼	10¼

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Note of caution sounded on outlook as demand slackens at home

Harrisons & Crosfield rises 8%

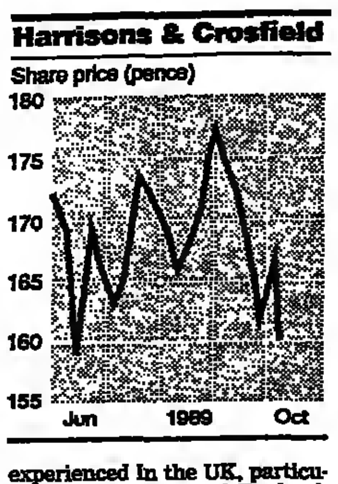
By Andrew Bolger

A CAUTIOUS note on its trading outlook was sounded yesterday by Harrisons & Crosfield, which has been moving out of plantations and commodity trading into chemicals, timber, building supplies and agricultural products.

Announcing an 8 per cent increase in pre-tax profits, from £52m to £56.2m, for the first half of 1989, Mr David Hopkinson, chairman, said: "The improved results have been achieved in a less favourable economic environment than last year's. In the second half of the year profits are unlikely to advance at s significantly faster rate."

H&C saw its operating profits from timber and building supplies rise 35 per cent to £13m. The Southern-Evans timber depots, which H&C bought last year for £85m, have adopted the Harcros name and were now also selling building materials.

Mr Hopkinson said: "Some slackening of demand has been experienced in the UK, particularly in the south of England, but the addition of the Moores business with 59 depots in the US and five new depots in Australia will maintain the momentum of growth."



Profits in the chemicals division were flat at £27m. Ths chromium plants in County Durham and Texas had unrelated technical problems, which closed each plant for thrse wesks. The organic chemicals activity had heen strengthened by acquisitions in the US, Australia and the UK.

Pauls Foods Products saw its profits rise 40 per cent to £12.5m, boosted by higher prices for pigs and animal feed. As Europe's biggest supplier of malt, Pauls also benefited from the recovery in the Scotch whisky market.

Mr George Paul, H&C's chief executive, said last month'a £44m acquisition of Edward Baker, the pet food maker and flour miller, would give great growth opportnnities in Europe, which already huys more than half the company's pet food.

Profits from the general trading division were down 23 per cent at £2.4m, mainly as a result of the disposal of the European commodity trading and insurances husinesses and a Sri Lankan company for £12m.

The plantation division's profits were £9.7m, down 25 per cent, chiefly because of the sale of the 30 per cent stake in Harrisons Malaysian Plantations for £145m in March.

Mr Paul said H&C intended to hang on to its remaining plantations in Indonesia and Papua New Guinea, in which it had invested heavily. Plantations now account for only 15 per cent of group profits; as recently as 1984 it was more than 50 per cent.

Earnings rose 8 per cent to 7p (6.5p). An interim dividend of 3.4p (3p) is declared and the year's total 8.5p (7.7p).

The group's restructuring continues and so far this year it had spent £134m on acquisitions and realised £160m from disposals. Gearing, which was up to 59 per cent at the end of last year, should be about 40 per cent by December 31.

The shares closed 7p lower at 160p.

See Lex

Talbex crisis leads to share suspension

By Clay Harris

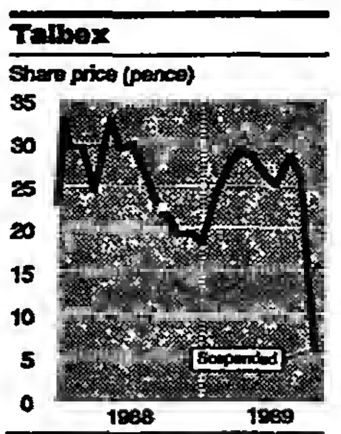
THE GREEN revolution in Britain's shops has proved to be a less than a blessing for Talbex Group, the contract aerosol filler which has led the way in meeting environmental concerns and faces a financial crisis as a result.

Talhex's shares were suspended at 6½p yesterday, pending "clarification of its financial position" and the outcome of negotiations with its bankers, led by Royal Bank of Scotland.

Among the options heing considered are new borrowing facilities, injections of equity through a rights issue or from an external investor or, at the extreme, seeking a buyer for the company.

The immediate difficulty arises from Talbex's heavy investment in a factory at Scunthorpe, specialising in filling aerosols with butane, a hydrocarbon which has nearly entirely supplanted ozone-unfriendly chlorofluorocarbons (CFCs) as the propellant in UK-produced aerosols.

However, the process of filling aerosols with butane is far more complex than with CFCs and requires higher safety standards. Mr Carl Stansfield, finance director, said rivals which had not reached the same level of safety were able to undercut Talbex on price. There was, moreover, a continuing problem of overcapacity in the market.



Talbex has also found manufacturers unwilling to test consumers' readiness to pay more for a really Green product.

After more than a year, it has yet to find its first UKcustomer for Exxel, a US-designed dispensing system which requires no propellant. Exxel, which uses a rubber sleeve to squeeze out the product, adds more than 25p to the cost of each unit.

Talbex gave its first warning of poor trading results on September 19, and saw its share price fall by more than half that day. They have since traded as low at 4p, and Talbex suffered an additional blow whsn Paribas subsequently resigned as its stockbroker.

Last month's statement also signalled Talbex's desire to ease its cash flow difficulties with the planned sale of a property holding for £600,000. The group's medical division, incorporating a US designer and manufacturer of equipment used to monitor ionising radiation, is trading profitably.

At the suspension price, Talbex is valued at £10.4m.

Grampian Holdings improves 17% despite retail difficulties

By Jane Fuller

GRAMPIAN HOLDINGS, the Scottish conglomerate, increased profits by nearly 17 per cent in the first six months of the year, in the face of difficulties in its retail division and French sports goods operation.

But the performance failed to live up to high expectations and the share price fell initially from 216p to 190p, recovering to close at 195p.

Pre-tax profits advanced to £3.72m (£3.18m) on turnover up 14 per cent to £57.24m (£50.2m). Earnings per share were 4.07 (3.96p) and the interim dividend is 1.3p (1.13p).

The most improved division was transport, where profits accelerated by 35.5 per cent to £1.5m on turnover up 17 per cent to £14.3m. Mr Bill Hughes, chairman, said that activity levels remainsd high, reflecting economic buoyancy in western Scotland.

Pharmaceuticals, with a turnover of £13.7m, contributed £2m profit, an increase of 24 per cent. Mr Hughes foresaw further progress following the recent opening of a £2m plant, in Essex, making vaccines for both farm animals and pets.

"We have benefited from the exit of drug majors from this market." He reckoned that the £160m UK market in animal health products was much better suited to a company of Grampian's size than, say, Glaxo Holdings.

With subsidiaries in Australia and New Zealand already doing well, Grampian would be looking for expansion in Europe, particularly through trying to buy into businesses in France and West Germany.

Grampian's biggest division (£21.7m turnover) is sports equipment, including Mitre in soccer, rugby and cricket, Ben Sayers in golf clubs and Penfold in golf balls. The £1m overall profits were held back by the French subsidiary, Patrick International, which incurred losses in its home market.

"The products were not as good as they should have been at certain price points," said Mr Hughes. This was being tackled by filling product gaps and by more rigorous cost control.

In the £7.6m turnover from the retailing division, the inevitable problem was the squeeze on consumer spending. Against that background, Mr David McGibbon, finance director, said Grampian had cut £800,000 from overheads, following the acquisition of the Pitlochry Knitwear shops, and it was disposing of shops in southern England.

The strategy was to reduce the number of units from 66 to nearer 50 and to concentrate on mill and tourist shops, not high street outlets. Indeed, it preferred to think of the division as "tourist services" rather than retailing.

● **COMMENT**

Although Grampian is doing well in pharmaceuticals, transport and parts of its sports goods division, there are a number of caveats. The concentration on tourist shops makes sense and the catering side of these places does well, but whether the weather is deteriorating sufficiently to boost woollen sales at the mills is another matter. The problems with Patrick in France have proved stubborn and the company needs to deliver improvements not only in product range, but in marketing and cost control. It is a competitive field, with Puma and Adidas among the rivals. Profit forecasts for the full year have been revised down to about £12.5m to give a prospective multiple of 13.8, which may still be on the high side.

USH to make prisms for Nikon

By Andrew Bolger

UNITED Scientific Holdings, the defence equipment group which is the target of a hostile hid from Meggitt, is to make and snpply prisms to the Nikon group of Japan.

USH owns 65 per cent of Avimo Singapore, which was created to develop the market for civil optics. A new subsidiary of Avimo Singapore will supply Nikon with prisms for use in camera viewfinders.

USH will today publish its defence document against the hid from Meggitt, which when it was launched on September 11 valued each USH ordinary share at 151p and the whole gronp at £115m. However, USH's shares immediately jumped 29p to 176p.

USH shares closed yesterday at 156p, down 2p; Meggitt shares were 105p, off 3p on the day and a full 11p lower than their closing price on the bid announcement. Meggitt's paper offer valnes USH at 136.5p, and its partial cash alternative is worth 153.8p.

Hoskyns acquires Inset for maximum of £12.2m

By Clare Pearson

HOSKYNS, the computer services concern, has made its first acquisition since GEC and Siemens took control of its majority shareholder, Plessey, the electronics company, a month ago. Hoskyns is paying up to £12.2m in shares for The Instruction Set, a specialist in Unix open systems.

Plessey is taking up 370,000 of the 654,439 new shares placed to finance the initial considsration for Inset. This maintains its stake at about 70 per cent and is seen as underlining the support of its new owners for Hoskyns. Plessey's holding is to be divided equally between GEC and Siemens.

In May, about a fifth of the share capital of Hoskyns was placed on the market. Plessey bought virtually the whole of the equity in July last year, hut pledged to maintain the company's quotation to enable it to continue to make acquisitions for paper.

The purchase of Inset is aimed at strengthening Hoskyns' capabilities in the growing area of open systems, which allows users of information technology to be independent of specific hardware platforms.

Five-year-old Inset is a UK leader in Unix training, with most of its customers in the puhlic sector. It has begun to develop international business.

The vendor placing is at 535p per share. The initial consideration is £8.5m, with a deferred payment of np to £8.7m depending on Inset's performance in the period to end-March 1991.

Inset's revennes grew to £4.9m (£3.7m) in the year to end-March, although pre-tax profits fell to £18,000 (£514,000) as a result of investment in new services, including a training organisation in the US. These investments are expected to contribute profits in the current year.

The Inset purchase marks the second acquisition since Hoskyns' return to the market. Earlier, it bought Programm-Standard, a West German software company, for a maximum consideration of about £15m.

Cramphorn grows 15% to £1m

PROFITS and earnings both increased by about 15 per cent at Cramphorn, garden centres company, for the year to July 1. The taxable figure rose from £870,092 to £1m on sales which fell from £16.44m to £16.14m. Earnings per 50p share rose from 20.16p to 23.09p.

The directors of the USM-quoted company said that the sales fall reflected the closure of a further eight shops and one small garden centre. The higher interest charge of £217,885 (£111,522) was dna to the acquisition of Heathlands garden centre and increased interest rates. However, they said the overall performance was satisfactory.

The company's properties had been revalued at March 31, producing a surplns of £10.52m, this, together with £326,041 balance from property disposals, hsd besn transferred to reserves.

An increased final dividend of 4.6p has been recommended, making a total of 6.25p (5.5p) for the year.

Accountants confirm Ferranti fraud

By Terry Dodsworth

A SPECIAL team of international accountants has confirmed that Ferranti International Signal, the trouhled UK electronics group, has been exposed to a far-reaching frand, the company announced yesterday.

Following a meeting of its board, Ferranti said that Coopers & Lybrand, the accountants brought in to examine a number of suspect contracts, had made a preliminary report that supported the company's own views on the fraud

This gives added weight to Ferranti's warning to shareholders that it will have to write off £185m, while re-stating its annual report to show its equity falling by almost a half to £197m as a result of the debacle.

Ferranti's shares, requoted on the London Stock Exchange on Tuesday after a three-week suspension, advanced 2.5p yesterday to 57.5p.

Market sources suggested that buying interest was coming from a variety of UK and European sources, and there was some speculation that British Aerospace was continuing to build a position in the stock.

STC, the UK telecommunications and computer group, was being ruled out as a contender, particularly following news of share sales by its chairman, Mr Arthur Walsh, who would not be able to deal if he knew of significant changes in the company's position.

Institutional shareholders in Ferranti, who have been becoming increasingly restless over the company's situation in the past few days, are to meet the board shortly.

Some fund managers said that there was a strong underswell of feeling against the present management continuing to run the business.

The Ferranti management now lacked credibility, they said, because institutional shareholders had been ignored when they counselled caution about the takeover of International Signal and Control.

At the time of the acquisition two years ago, Ferranti's top management had been given the benefit of the doubt, fund managers said, but they had ignored the warnings and should now take responsibility for the company's problems.

COMPANY NEWS IN BRIEF

BODDINGTON GROUP's drinks wholesaling division, Liquid Assets, has acquired the businesses of Pinks, Pinks (Vending) and Stansfield Brothers as going concerns to form a new trading division, Pinks-Stansfield. Consideration is not expected to exceed £500,000 and will be dtermined by the valuation of the business assets.

BOOTS has retained Merrill Lynch Capital Markets to handle the disposal of the Childs Corporation, a Pittsburgh-based safety footwear business which was acquired with Ward White. Childs had sales of $43m (£27m) in the year to August 31.

BRADSTOCK GROUP is making an administrative restructure, whereby all life, pensions and investment business, as regulated by Fimbra, will be conducted hy one company. This company will be Bradstock Blunt and Thompson (L and P) which will be renamed Bradstock Financial Services.

KEWILL GROUP has acquired Accounting and Manufacturing Control Systems, the Cheltenham-based software house, through its subsidiary Trifid Software. Consideration is expected to be about £50,000, met by the issue of shares. AMCS will add more than 20 companies to the Trifid user portfolio.

GOLDSBOROUGH, the care services subsidiary of Kunick, is to acquire Caldaire, owner of a 40-bed hospital in south Leeds. Goldshorough already owns another hospital in north Leeds. The offer values Caldaire at £3m, or £1.86 per ordinary share in cash and £2.04 if shareholders opt for the loan stock alternative.

SPONG HOLDINGS has sold Spong Print Limited, an Essex-based commercial 4 colour printer, for a maximum £525,000 in cash. In addition, Spong will receive £296,000 on the redemption of loan notes of SPL. The sale represents a continued part of the rationalisation of Spong.

ST IVES Group has acquired Stonehaven Packaging Products, Hillman Mouldings and MAL Manufacturing. The three companies, in which the majority shareholder is WL Phipps, make packaging products from factories based in Stafford. The initial consideration of £450,000 in cash and a further £300,000 for the freehold Stafford factory occupied by Stonehaven, has been satisfied from existing resources. Total net assets of the three companies at their last balance sheet dates were £420,000, excluding the freehold factory.

WB INDUSTRIES is to acquire the spring making business known as CMT Springs, together with its goodwill, fixed assets, stocks and current contracts, and the dormant company, CMT Springs, from Caparo Industries. The consideration of £329,000 is to be met by the assumption of certain liabilities of CMT, with the rest in cash.

SHARE STAKES

Aaronson Brothers: Scottish Amicable Investment Managers have increased their holding to 4,428,500 ordinary (11.96 per cent).

Courtney Pope (Holdings): West Nominees is interested in 1.34m ordinary (10.19 per cent).

J A Devenish: Following the recent rights issue the Home of Devenish Trust (on whose behalf the Official Custodian for Charities holds 2,010,941 ordinary shares of 5p each) now has a shareholding of less than 5 per cent of the company's issued ordinary share capital.

Everest Foods: DJ Davis, a director, has disposed of 16,750 ordinary at 150p each leaving his total holding at 4,333,250 ordinary (43.38 per cent). The shares were sold to RM Gilbert, chairman.

Hornby: Guidehouse Group, of which D Michaels, a director, is a substantial shareholder, has sold 60,000 ordinary shares at 256p each.

Jefferson Smurfit: MWJ Smurfit, a director, has acquired 8,028 ordinary to give him a holding of 4,014,844 (1.9 per cent) as trustee. He has also disposed of 50,000 ordinary reducing his holding to 12,840,438 (6.1 per cent).

Kingsgrange: RF Whitehead purchased 50,000 in Kingsgrange on both August 11 and 15. Mr Whitehead's entire holding now totalling 225,000 shares is registered in the name of Coutts and Company (Nassau).

Metro Radio: Ferguson Industrial Holdings is now interested in 2,095,191 ordinary (22.1 per cent); the Co-operative Insurance Society is now interested in 487,312 ordinary (5.1 per cent).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Associated Fisheries, Betterware Consumer Products, Camellia Inva, Elam, Finley (James), Guinness, Jermyn Inve, Lep, Next, Ulster Television.

Finals- Brook, Galliford, Photo-Me Intl, Strong & Fisher, TSW-Television South West, Welsh Ind Inv Trust.

FUTURE DATES

Interims-

Billam (J)	Oct. 11
Darby	Oct. 12
Heath (CE)	Nov. 16
Hunting	Oct. 17
Meyer Intl	Nov. 14
NMW Computers	Oct. 10

Finals-

Beazer	Oct. 18
CDFC Trust	Oct. 19
Clydesdale Inv Trust	Oct. 27
Ensign Trust	Oct. 24

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Audit & Genl §	fin	0.3	Dec 1	nil	0.3	nil
Beckman (A)	fin	3.15	Jan 6	3.15*	4.78	4.78*
Brooks Service	int	1.84	Nov 17	1.6	-	5
Cramphorn §	fin	4.6	Nov 17	4	6.25	5.5
Earlys of Witney	int	0.315♣	-	0.315	-	1.315
Fortnum & Mason	int	6	-	6	-	61
Grampian Hldgs	int	1.3†	-	1.13*	-	3.887*
Harrisons Cros	int	3.4‡	Dec 15	3	-	7.7
Hewden Stuart	int	0.75	Dec 12	0.6*	-	2.2*
Higgs & Hill	int	4.4	Dec 4	4	-	12
Kelson	int	nil	-	1	-	1
Lawtex	fin	1.5	-	nil	2	1
Martin (Albert)	int	1.6	-	1.5	-	4.75
Maunders (John)	fin	2.65	-	2.1	4.75	3.15
Sears	int	1.525	-	1.45	-	5.1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡Carries scrip option.♣ Plus 25p special dividend.

Stevens prevails in row over DSC planned US buy

By John Thornhill

IT MIGHT have been thought that Lord Stevens, chairman of United Newspapers, has enough problems trying to fathom the intentions of Mr Conrad Black towards his Express Newspaper group.

But yesterday, Lord Stevens also came under fire from shareholders in his capacity as chairman of DSC Holdings, a comparatively minuscule record styli and audio products company, at an extraordinary general meeting called to consider a proposed £30.6m US acquisition.

Nevertheless, he and fellow DSC directors emerged victorious, winning overwhelming support for three resolutions. These proposed the acquisition of Mid-States, a Nashville-based car parts distributor, the increase of the company's share capital, and payments of £150,000 apiece to Lord Stevens and fellow director, Mr Christopher Mills.

Last week, Mr David Newton, a shareholder and former non-executive director of DSC, publicly opposed the US deal, saying it was "totally devoid of merit." He circulated a letter outlining his objections to all DSC shareholders and raised questions about Mid-States' accounts, assets, and amortisation policy.

At yesterday's meeting, Lord Stevens said he was surprised that Mr Newton had not contacted either DSC's financial advisers or stockbrokers to resolve some of his questions before making them public. But he read out all 10 of Mr Newton's objections and answered each in turn, occasionally adding rather pointed asides. He then invited questions.


Lord Stevens: replied to all 10 objections and gave assurance on dividends

One private shareholder, who was clearly disgruntled with the proceedings, but who said he was not involved with Mr Newton's dissatisfactions, assailed the board about the company's past dividend policy and the "gathering of the clan" that had assembled to push through the resolutions.

He added: "You are not getting a penny of my money, and if my shares had not been suspended I would have sold them." Without waiting for Lord Stevens to answer his questions, he left, clutching a Sainsbury carrier bag, and muttering "I have better things to do."

Later, Mr Newton delivered a short speech. He did not comment directly on Lord Stevens' response to his questions, but said: "It is a cardinal principle of the Stock Exchange that what information is available to one shareholder should be available to all shareholders. I should not have to phone up to ask for information.

"I think the thing I object to most is that there has been a double standard. All shareholders have not had the same information to interpret whether this has been a good or a bad deal," he added, claiming that some institutional investors had been flown to the US to visit Mid-States.

In reply to the disgruntled shareholder's question, Lord Stevens said that 40 per cent of Mid-States' profits would be paid out in dividends. He also said that all that Mr Newton's intervention had achieved was possibly to affect the company's share price when it resumed trading on the Third Market.

Mr Newton objected: "I would like to respond to a personal attack on my integrity." But Lord Stevens cut his objections short, saying: "I feel you have had your crack and we should move on."

As the meeting closed, a shareholder stood up to criticise Mr Newton and thank Lord Stevens.

"We will try to make money for shareholders despite the present vicissitudes of life," Lord Stevens ruefully concluded.

Fortnum & Mason troubled by strikes and refurbishment

By Maggie Urry

FORTNUM & MASON, the up-market department store in Piccadilly, London, famous for its hampers, has seen a fall in first half profits from £162,000 to £136,000.

Trading losses in the 28 weeks to August 12 increased from £15,000 to £206,000, but interest receivable was up from £177,000 to £342,000 and held the pre-tax fall to 16 per cent.

Mr Garry Weston, chairman, who also heads Associated British Foods which has a controlling stake in Fortnum, said "it will be difficult to match the pre-tax profit level of last year."(£1.76m).

Like many other retailers, Fortnum makes most of its profits in the Christmas period. The shares fell by £1 to £46.

Last year showed strong profit growth, but sales in the first half of this year were only 5 per cent up at £9.2m. Trading was affected by the transport strikes and by refurbishment work in the store.

Export sales, which were good in the corresponding half year, were "disappointing" with the group's Japanese distributor overstocked. Wage costs rose faster than the rate of inflation, Mr Weston said.

Cash balances had been run down as spending on the refurbishment took place, so that interest receivable for the year will not continue at the high rate of the first half.

Earnings per share fell by 14 per cent to 19.3p (22.5p) and the interim dividend is maintained at 6p.

Mild winter and long hot summer puts Early's in red

A MILD winter last year followed by a long hot summer and the major reduction in retail sales of household goods has had a severe effect on Early's of Witney, the blanket, textile and floor tile manufacturer.

Turnover in the six months to July 29 was up from £4.16m to £4.76m, but there is a pre-tax loss of £609,000 compared with a profit of £101,000.

The directors said that group profitability should improve in the second half, but the results for the full year were likely to continue to show an overall loss before taking into account a £4.5m windfall from the sale of Mount Mills – £3.2m after expenses and tax.

Shareholders benefit from the Mount Mills sale in the shape of a special dividend of 25p and the 0.315p interim is maintained.

There was a loss per share of 6.71p against earnings of 1.05p last time.

Following the substantial loss at Witney, where overall sales fell by 16 per cent, despite a 7 per cent increase in exports, action was taken to cut back production, other operating costs and stock levels. The restructuring of the textile operations will continue in the second half.

Slade agrees £20.5m buy-out

By Maggie Urry

SLADE, a jewellery manufacturer which supplies Ratners and other retailers, has agreed a management buy-out for £20.5m. It plans to come to the stock market quickly, possibly in the first half of next year. The group had sales of £21.1m and pre-tax profits of £2.3m in 1988.

Mr David Slade, chairman, said that 65 per cent of the company's sales go to Ratners, the high street group which has transformed jewellery retailing in the UK. He believes the £2.5bn UK jewellery market is not yet mature and there is still scope for growth.

Mr Slade suggests that while Ratners has rationalised the retail trade, the suppliers are still mostly run as cottage industries, with few large groups.

Slade specialises in diamonds and other gem stone jewellery; volume lines but not priced at the cheapest end of the retailers' ranges.

The buy-out involves £10m of debt and £2.5m of equity from banks, arranged by CIBC Capital, the UK development capital arm of Canadian Imperial Bank of Commerce. Management is putting in £8m of equity.

Slade had been taken over by Paisley Hyer, a private textile group, but Mr Slade decided to buy it out again.

Slimmer Lawtex back in the black with £439,000

THE MARCH interim statement indicated that 1988-89 was going to be a much better year for Lawtex, maker of umbrellas and leisurewear. The company has turned round from a loss of £963,000, after exceptional losses of £630,000, to a pre-tax profit of £439,000 in the year to July 1 last.

The losses were incurred in connection with the disposal of Xetal Systems and Safeguard (Engineers), and an extraordinary loss of £262,000 after tax this time includes costs associated with those discontinued activities.

Mr PG Schaefer, the chairman, said that in the period prior to the disposals all three core areas contributed to the improved results, although the umbrella business had suffered from the dry weather.

He warned that, in common with other suppliers to the retail sector, the group faced tough trading conditions. But with a substantially lower cost base, a much improved balance sheet and a clear focus to the business, Mr Schaefer said the group was now able to compete successfully and was well placed to take advantage of opportunities that arose.

Turnover last year fell from £19.68m to £17.31m and after tax of £27,000 (£15,000) earnings per 25p share emerged at 10.2p against a loss of 24.4p. There is a final dividend of 1.5p proposed (nil) making 2p (1p).

Lon & Metropolitan

London & Metropolitan has set up a £50m sterling commercial paper programme, arranged by Hill Samuel Bank. Dealers are Barclays de Zoete Wedd and Hill Samuel and Barclays Bank is issuer and paying agent.

Windsor £3.5m property acquisition

By Clare Pearson

WINDSOR, the insurance broker, has agreed to acquire a freehold office property in Hemel Hempstead from Warringtons, the property development and housebuilding group, for a maximum consideration of £3.5m to be satisfied in shares.

The deal marks the first move by Windsor since corporate financier Hunter Murray in July bought options to boost its potential stake in the company to 28.3 per cent. Windsor said it was designed to strengthen its financial position.

The acquisition also brings Mr Philip Reid, a director of Warringtons, onto Windsor's board. The initial consideration is £2.75m. Assuming payment of the maximum further consideration of 7.95m new shares, Warringtons will have a 23.15 per cent stake in Windsor.

Windsor said the presence of Warringtons would help it develop a broader spread of businesses within both insurance broking and other financial services.

The 30,000 sq ft building, known as the Hallmark, is to undergo refurbishment and has been valued, on the basis that refurbishment is completed and the property let under a full repairing lease for a 20-year term at an initial annual rent of £390,000, at £4.35m.

To the extent the refurbishment cost is less than the difference between £4.35m and £2.75m, a further consideration of £500,000 will be payable on completion. Payment of the maximum consideration depends upon whether the sale valuation exceeds £4.35m.

Mr Roy Schneider and Mr Steven Small said that, through the Hunter Murray vehicle, they boosted their interest in Windsor from 14.74 per cent at the invitation of shareholders.

Windsor made a pre-tax profit of £100,000 in the half-year to end-March.

NEWS DIGEST

Textiles setback at Beckman

DISAPPOINTING figures in the textile division led to reduced profit at A Beckman. Currently there was no sign of an upturn and difficult conditions prevailed, the directors said.

In the year ended June 30 1989 turnover fell from £15.39m to £12.85m, with textiles £2.4m lower at £10.31m, and pre-tax profit came to £1.2m, against £1.36m.

Operating profit in textiles fell to £263,000 (£788,000), but was offset to some extent by a £107,000 growth in property, interest charges cut to £41,000 (£217,000) and a turnround from a £46,000 loss to £30,000 profit at the associate.

Cash resources exceeded £3.3m at the year-end. Borrowings were largely long term at fixed interest and were not materially affected by the current high interest rates.

Textile rental helps Brooks to £712,000

Brooks Service Group, whose principal activity is in textile rental, lifted its pre-tax profit by 18 per cent, from £605,000 to £712,000, in the half year to July 1.

Before interest charges the growth was 30 per cent, and came from an 18 per cent increase in turnover to £9.2m (£7.81m).

Mr Simon Brooks, chairman, said textile rental lifted turnover 21 per cent as a result of buoyant trading by hotel and restaurant customers. Benefit also came from an acquisition.

Earnings for the period rose to 4.31p (3.7p) and the interim dividend is 1.84p (1.6p).

United Newspapers buys US publisher

United Newspapers, through its advertising periodicals division, has acquired Pacific Media Group of southern California for an initial $25m cash. A further amount up to $5m is payable depending on PMG's profits up to December 31. PMG publishes and distributes a free apartment rental magazine. Net tangible assets are $1.8m.

Higher financing costs hit A Martin

Higher financing costs have hit the Albert Martin Holdings group of clothing manufacturers. In the first half of 1989 pre-tax profit fell from £912,000 to £706,000.

Although the year was proving difficult, with interest rates high, the directors said there was good demand for the group's production capacity. Turnover rose from £26.34m to £31.77m.

Net interest charges were £476,000 (£175,000). Earnings worked through at 3.1p (4.6p) and the interim dividend is 1.6p (1.5p).

The yarn texturising division based in Leicestershire had been sold and the blouse manufacturing activity of Sybille Claymar was being closed. Extraordinary costs totalling £600,000 were expected.

Audit & General jumps to £1.8m

Audit & General, formerly known as Humberside Electronic Controls, lifted pre-tax profits from £368,821 to £1.84m in the year to June 30 1989. Turnover advanced by £2.3m to £8.1m.

The company also announced the acquisition of the Swindon-based business of the H&T engineering services division of Leetec, for £1.13m cash, and the purchase of a portfolio of four freehold shopping parades for £1.24m in cash and shares.

The bulk of A&G's profits – £1.68m (£678,392) – came from the property division. The industrial division showed a turnround from losses of £301,608 to profits of £159,076, while there was a reduced loss of £2,105 (£7,963) from nursing homes. The results have been prepared on a merger accounting basis.

The company is resuming the payment of dividends with a proposed final of 0.3p. The last payment was in 1985. Earnings per share rose from 0.06p to 1.27p. The company's shares are traded on the USM.

Wensum at £321,000 midway

In the six months ended July 29 1989 the Wensum Company made a pre-tax profit of £321,000 from a turnover of £4.15m, and remained confident about prospects for the remainder of the year.

The company designs career wear and makes men's clothing, and was once part of the Hornes Group. It came to the USM at the end of June; comparative half year figures were not available.

Mr Andrew Hughes, chairman, said both operating companies performed well. Wensum Corporate has been awarded the contract to design and supply clothing for the staff of WH Smith for the next five years. Other clients include Air Canada, Virgin Atlantic, Ford Motor and the Prudential.

Earnings in the half year were 3.33p.

UK COMPANY NEWS

Queens Moat gives 700 holders second chance

By Clay Harris

QUEENS MOAT Houses is giving nearly 700 shareholders a second chance to subscribe for shares they missed in a recent £141m rights issue because of a string of errors arising from an incorrectly printed postal code on the application form.

If fully taken up, the offer will raise another £1.26m before expenses for the Romford-based hotel group.

Queens Moat is also reviewing its procedures for similar issues in future. It is likely to approach other receiving banks in addition to National Westminster, the bank which handled the recent offer and the follow-up exercise.

The number of shareholders known to have had applications returned for arriving after the closing date has risen sharply since Queens Moat first started making inquiries with NatWest two weeks ago, Mr Martin Marcus, deputy chairman and joint managing director, said yesterday.

Queens Moat was first told only about two dozen shareholders had missed out, but that was revised to 80, then to 200 and finally to 681, Mr Marcus said.

Each affected shareholder is now being offered the same number of shares as before. The revised price of 108.73p was reached by adding the original rights price of 93p to the premium for which the renounced rights were sold in the market. Shareholders have already been sent cheques for the latter amount, so the net cost is unchanged.

More attention than usual has been paid to checking the latest application form. "We have all read it," Mr Marcus said. Moreover, unlike previously, an addressed envelope has been enclosed. The offer closes at 3pm on October 25.

Feltrim merger with Pan Andean

By Andrew Bolger

FELTRIM MINING, a Dublin-based Third Market group run by the son of Irish prime minister Mr Charles Haughey, has announced a conditional agreement to merge with Pan Andean Resources, a non-quoted company engaged in exploration in Ireland and Bolivia.

The terms have not yet been disclosed.

Feltrim, which was launched in 1988, had its shares suspended in July after two businessmen, Mr James Fitzsimons and Mr Derek Kelly, took a 25 per cent stake.

A spokesman for Feltrim said Mr Fitzsimons and Mr Kelly intended to reverse their private company into Feltrim to turn it into a leisure vehicle.

They announced their stake on July 19. The shares were suspended two days later at 45p, up from a low of 23p in June.

Feltrim, whose managing director is Mr Conor Haughey, said it had then received an approach regarding a merger from Pan Andean, which it preferred.

This decision had been agreed with Mr Fitzsimons and Mr Kelly.

Feltrim, which was valued at £1.12m at its suspension price, holds 22 prospecting licences in Ireland with the emphasis on gold, although many of the licences also have base metal potential. It is also involved in gold exploration in Alaska and New Mexico.

Pan Andean, which was formed in 1988, has cash resources of over £900,000. It is mainly involved with gold mining and exploration in Bolivia. However, it has reached a joint venture agreement, subject to approval from the Irish Department of Energy, with Kenmare Resources involving four base metal licences and eight gold licences in Ireland.

Feltrim's shares will remain suspended, pending the approval of the proposed merger by shareholders and the Stock Exchange.

B&C beefs up stockbroking side

By Sara Webb

BRITISH & Commonwealth Merchant Banking Group yesterday launched its private client stockbroking operation under a new name – the Stock Group.

BCMB has built up its private client business to become one of the larger stock brokers to court the private investor: it has £3bn in funds under management and about 50,000 clients.

Last December, it acquired Hoare Govett's private client business from Security Pacific, which will now be absorbed by the Stock Group.

However, Mr Bruce Ursell, chief executive of BCMB, said the group's two regional brokers – Stock Beech, which has offices in Bristol and Birmingham, and Campbell Neill, which is based in Glasgow – would continue to operate under their existing names in the immediate future in order "to maintain their local identity" while drawing on the group's research and fund management service.

Mr Ursell added: "We won't carry on with the same pace of acquisition, but we'll be filling in the gaps with companies and teams."

The group launched two personal equity plans yesterday.

Radaker sells half of his 9.6% Blacks' stake

By Clay Harris

MR BYRON RADAKER, a US-based entrepreneur, sold nearly half of his 9.6 per cent stake in Blacks Leisure Group less than a week after the sports retailer failed in a £32m takeover bid for A Goldberg, the Scottish stores company.

Judging by Blacks' market price, he has sold at a loss. Mr Radaker's family interests paid 11¼p per share in March. Yesterday, Blacks' shares were trading at 8p.

The 19.5m shares were placed on Tuesday with clients of Channel Trust, a Jersey-based company which had held the shares for Mr Radaker. Family interests of the US businessman, who runs his own Nevada-based Radaker Financial Management, retain 4.9 per cent of Blacks' shares.

Royal Insurance launches life company in Spain

By Eric Short

ROYAL LIFE Holdings, the life assurance and financial services arm of Royal Insurance Group, is expanding its European operations into Spain with the launch this week of Royal Life Spain.

Royal is spending £500,000 on a high profile advertising campaign over the next few weeks, half of which will be earmarked for prime time television commercials with the remainder being used for press advertising and direct mailing.

Royal Life has a strategy of overseas expansion of its long-term business, with particular emphasis on establishing a firm European presence in advance of 1992.

The group already operates in the Republic of Ireland and the Netherlands, where Royal Leven, formed in 1987, is proving most successful.

Mr David Graham, Royal Life's overseas actuary, said that "We have examined all the European options carefully and Spain seems to be a particularly attractive market."

Royal Life is making a total capital investment of £100m over the next ten years, aiming for a 2 per cent share of the individual life market by 1998.

The Royal Insurance Group already has an established general insurance operation in Spain.

Royal Life Spain will be using these established distribution channels of the general insurance operation. In addition it will be marketing through its own direct sales team and through established brokers.

Currently, there are 414 companies operating in the Spanish life market, of which 28 are foreign.

Earlier this year, Friends' Provident Life Office announced its entry into the Spanish life market.

Ketson cuts loss in first six months

THE REORGANISATION at Ketson, the public relations and marketing group, is working through and it has cut its loss to £161,000 in the first half of 1989.

Mr Walter Dickson, chairman, said given the very serious problems of 1988 it was a creditable performance, and in line with expectations. In May, Ketson shareholders rejected a hostile bid approach from a consortium led by City and Westminster Financial in favour of a refinancing proposal.

In the first half of 1988 the group mada a profit of £282,000 and paid an interim dividend of 1p; but trading losses, and particularly at Moorgate which was bought in the summer, in the second half left the year £960,000 in the red and shareholders' funds £5.45m in debit.

No final dividend was recommended and no interim is declared for this year.

Mr Dickson said the various steps taken were leading to a stronger and more stable group. In the short term a number of companies, especially Moorgate (financial marketing), had been experiencing a quiet summer, although there were signs of a pick up in business.

Both IETC (sales training and consultancy) and Moorgate topped their budgets. Cost savings in the latter were being achieved faster than originally envisaged, and continued reorganisation had lowered the cost base substantially.

In the Far East the performance of Jeff Mann (PR consultancy) was disappointing, and the results from Whitelion (video facilities house) were also below expectations.

Correction
Lon Merchant Secs

In its proposed capitalisation issue, London Merchant Securities plans to issue one new deferred share for every three ordinary shares. An incorrect figure was published in Tuesday's edition.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1985=100); retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1988							
1st qtr.	107.9	110.5	31.4	117.0	116.7	2,486	249.9
2nd qtr	109.2	112.4	32.1	118.7	122.7	2,384	255.2
3rd qtr.	110.5	115.2	32.9	120.1	128.9	2,228	244.2
4th qtr.	110.4	117.0	32.4	121.0	135.4	2,101	244.8
October	110.3	116.5	32.3	121.0	132.5	2,158	251.2
November	110.9	117.1	32.7	120.7	145.2	2,106	246.2
December	110.1	117.5	32.4	121.1	161.9	2,037	239.3
1989							
1st qtr.	109.2	118.6	35.8	121.8	125.4	1,952	228.7
2nd qtr.	108.2	118.2	37.3	122.3	130.7	1,834	222.2
January	109.6	118.8	34.9	119.5	124.2	1,988	229.2
February	109.2	118.2	35.2	122.1	123.8	1,940	230.1
March	109.3	118.9	36.6	122.8	127.4	1,917	222.8
April	108.0	117.2	38.0	120.9	131.6	1,858	222.1
May	107.8	119.0	37.0	124.5	133.4	1,836	216.2
June	107.9	118.6	37.4	121.8	133.9	1,810	228.4
July	109.6	119.6	38.1	121.8	136.8	1,787	219.9
August				121.6	134.9	1,751	219.7

OUTPUT- By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1988							
2nd qtr	111.5	105.8	106.6	110.1	120.3	100.9	22.3
3rd qtr	113.5	113.9	106.6	114.9	122.7	102.1	20.4
4th qtr	113.6	116.9	106.8	116.6	124.3	101.9	18.4
Sept.	114.2	115.6	106.9	116.8	120.8	101.6	20.1
October	112.8	116.6	107.8	117.0	128.0	101.9	19.6
November	114.5	117.5	107.2	117.5	120.8	101.6	21.4
December	113.8	116.9	106.1	116.9	125.0	102.0	14.2
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September							[illegible]

FINANCIAL- Money supply M0, M2 and M4 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M2 %	M4 %	Bank lending £m	BS inflow £m	Cnsmr. credit† £m	Interest rate %
1988							
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September							[illegible]

INFLATION- Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
November	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1989							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
September							[illegible]

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

COMMODITIES AND AGRICULTURE

Government refuses help as haddock quota runs out

By James Buxton, Scottish Correspondent

THE Government yesterday ruled out measures to help fishermen who say they are facing their biggest crisis in 20-30 years because of the near exhaustion of the UK's North Sea haddock quota.

Lord Sanderson, the Scottish Office agriculture minister, said it would be "irresponsible" to amalgamate the North Sea quota with the smaller west coast quota as a stopgap measure to enable fishermen to go on catching haddock legally.

Mr George Sutherland, chairman of the Scottish White Fish Producers' Association, told Lord Sanderson that the 54,000 tonna North Sea haddock quota for 1989 would be exhausted within a week or two. The quota was cut from the 1988 figure of 90,000 tonnes by EC fishery ministers last December because of scientific evidence of a drastic decline in the number of juvenile haddock.

He proposed that the Government should amalgamate the North Sea quota with the separate west coast quota which would allow about another 15,000 tonnes to be caught in the North Sea before the end of the year. He said it was too dangerous at this time of year for east coast boats actually to venture to the west coast to fish that area's quota.

Lord Sanderson said that to amalgamate the quotas would violate the established quota systems and risk opening up Britain's North Sea quotas to fleets from other EC countries.

Mr Sutherland said that fishing boats would continue go out fishing in spite of the exhaustion of the quota. "They've got to make a living," he said. They would have to dump overboard the haddock which they would inevitably catch as they sought other species such as cod and whiting.

Some fishermen, he said, would sell haddock which they caught outside the quotas in spite of this being illegal.

"It's the worst crisis we've known for 20-30 years," he said. A number of fishermen are appearing in court in Scotland this week for alleged offences related to breaches of quota. Mr Sutherland said the fishermen wanted the Government to establish a three to four-year programme with the EC which would combine decommissioning of some fishing boats with a quota system.

Ha said the fishermen disputed the scientific evidence of a decline in young haddock. The Government believes the decline, which began with the 1987 year class and has worsened since, is due to unexplained biological causes and not to overfishing or net size.

Coffee continues to plunge

By David Blackwell

COFFEE prices continued this week's free-fall yesterday in both London and New York, hitting fresh 14-year lows. The January robusta contract in London closed at £684 a tonne, a fall of £31 on the day and £84 so far this week.

Yesterday's liquidation and heavy selling continued the downward momentum which started on Monday and was given impetus on Tuesday by remarks given by Mr Jorio Dauster, president of the Brazilian Coffee Institute. He said in London that Brazil saw no chance of export quotas being reintroduced by the International Coffee Organisation in the near-term.

Analysts believe the price could now go even lower as producers sell in order to increase their share of the market. "The market is utterly demoralised," said one.

Mr Peter Greenhalgh, of Landell Mills Commodities Studies, said the prospects for the coffee market were grim. Overall production of coffee for 1988/89 was 84m bags (60kgs each), while consumption by ICO members was 59m bags and total stocks were 61m bags.

Against this background, Madagascar – "hardly a big player in the market" – had been the only producer to announce a reduction in output since the international coffee agreement collapsed in July, he said.

The two-week annual meeting of the ICO is now going on in London, and is scheduled to end tomorrow. Delegates yesterday said they were trying to agree on how to work towards reviving the agreement.

However, European consumer delegates said it looked at present as though the most that could happen this week was "a goodwill declaration of intention to begin real negotiations once consultations show that the time is right."

THE Ivory Coast, the world's biggest cocoa producer, yesterday set a £700 per tonne market price for its main 1989-90 cocoa crop. The price paid to producers was cut by 15 per cent last week to a uew low of 200 CFA francs per kilo. The Ivory Coast said the breakeven price was £567 per tonne, writes Mark Huband in Abidjan.

Felix Houphouet-Boigny, the Ivorian president, yesterday met cocoa farmers at his villa in Yamoussoukro, the country's administrative capital, in an effort to justify last week's cut in the producer-price.

Producers are known to be angry at the cut and the move will dominate the political agenda for the next 10 days in the run-up to a Cabinet reshuffle on October 14.

Both price cuts come against the background of talks between the Ivory Coast and its main creditors. On Monday, the political leaders will be meeting creditors in Paris. The country's debt burden – the highest per capita in Africa – stands in excess of US$3bn.

Jamaica plans alumina expansion

By Robert Gibbens in Montreal

JAMAICA wants to expand its bauxite and alumina capacity to meet the needs of a steadily-growing world aluminium smelting industry.

Mr Hugh Small, Minister of Mining and Energy, told an industry symposium that as a first step the alumina refinery jointly owned by Alcoa, of the US, and the Government would be doubled in capacity to 1.5m tonnes and expanded further in the mid-1990s.

To achieve this, Jamaica is trying to attract investment from North America, Europe and Asia.

Jamaica now has five alumina refinerias with total capacity of 3m tonnes, or 10 per cent of world capacity. With the help of Hydro Aluminium, of Norway, the first European investor, the Alpart plant was re-opened last year.

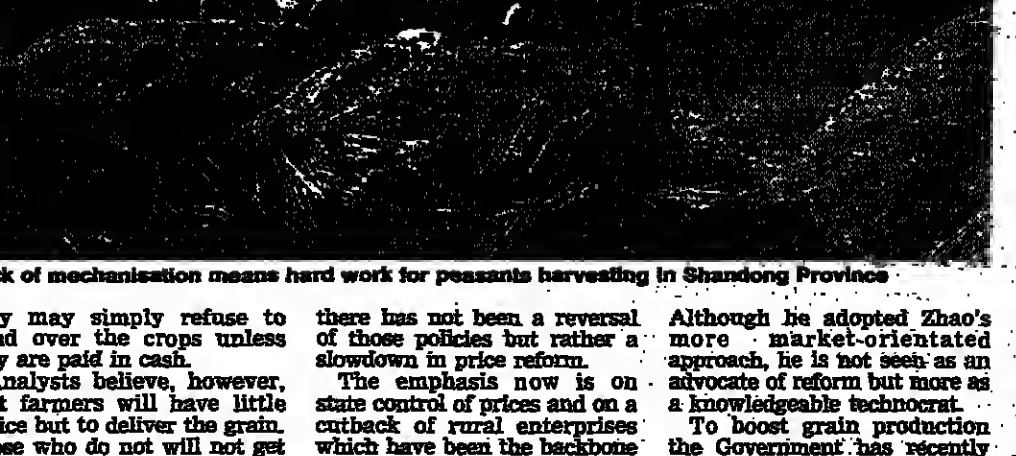
Mr Small said it had performed well and the Government hopes the new consortium, with a 35 per cent Norwegian share, will seriously consider adding to the present 1m tonnes capacity.

He also favours expansion at two other plants controlled by Alcam Aluminium of Montreal.

Last year, Jamaica produced 7.4m tonnes of bauxite and the figure in 1989 will be 9m tonnes, increasing to 11m in 1991. But that level will still be below a decade earlier.

Chinese farmers want cash, not IOUs

Lynne Curry reports on Peking's attempts at increasing agricultural growth



Lack of mechanisation means hard work for peasants harvesting in Shandong Province

IN RESPONSE to discontent among farmers who were paid for last year's grain crop with IOUs, the Chinese Government is stepping up pressure on banks nationwide to set aside enough money to pay for the country's autumn grain harvest.

But analysts believe that Peking may face a cash shortage and that again some farmers will have to accept credit notes.

"The Government does not have sufficient funds to buy all of the grain it has contracted for," one western diplomat said. "The Agricultural Bank of China will have to distribute some IOUs and there will be some discontent."

In spite of this risk, the autumn grain crop is expected to be significantly above last year's 394m tonnes, but it is unlikely to reach the target of 410m tonnes.

Western analysts say drought in the north eastern provinces of Heilongjiang and Liaoning are likely to reduce the corn and soyabean harvest with the result that the overall grain forecast is 400m to 405m tonnes. This is below 1984's record of 407m tonnes.

The forecast for a good harvest comes at a critical time for the Chinese leadership, whose public support has been eroded since the massacre of pro-democracy demonstrators in June in Peking and the subseqnent crackdown in other Chinese cities.

While a big harvest reduces the chance of peasant unrest, the Government still faces the enormous task of paying for the autumn crops, which are the most important of the year's harvests and require the largest single annnal cash expenditure by the Agricultural Bank.

Last year, farmers were paid in IOUs for wheat, cotton, rice and other crops and there has been concern this year thet they may simply refuse to hand over the crops unless they are paid in cash.

Analysts believe, however, that farmers will have little choice but to deliver the grain. Those who do not will not get more seeds, diesel oil, or fertiliser from the state and are likely to have to pay a penalty for not fulfilling their contracts.

With the Government placing a high priority on paying the farmers, Peking has also emphasised increasing agricultural growth, which has languished well behind that of industry and rural enterprises.

Since the record harvest in 1984, agricultural growth has been erratic with no overall general upward trend. The mediocre performance of the sector has meant that the Government has fallen behind in meeting its goal of becoming self-sufficient in grain by the end of the century.

To improve production, the Government has accelerated measures already begun under former Communist Party chief Zhao Ziyang – increased investment in agriculture, more taxation, and greater control by the central government. Under the current leadership, there has not been a reversal of those policies but rather a slowdown in price reform.

The emphasis now is on state control of prices and on a cutback of rural enterprises which have been the backbone of production increases in the countryside, but which have also seriously wasted scarce energy resources.

In spite of the move towards more central control, the current policy is not a return to the more extreme Stalinist planned economy of the fifties. Although the hardliners are pushing for a stronger grip by the state, the agricultural policy has in fact shifted over the years from liberalisation to privatisation and back to a more interventionist one, stopping short of total state control, according to analysts.

Part of the impetus for the recent changes has been the fear of the hardliners that free market reforms have led to decreased grain production and a move away from making the country a self-sufficient grain producer.

He Kang, the Minister of Agriculture and the primary architect of the current policy, pinpointed the country's grain problems several years ago. Although he adopted Zhao's more market-orientated approach, he is not seen as an advocate of reform but more as a knowledgeable technocrat.

To boost grain production the Government has recently established an agriculture investment fund, which will invest in various provincial projects and sign contracts, and has plans to introduce direct taxatiou of farmers. Farmers have traditionally not paid taxes, but have delivered grain as payment, which has led to various instances of abuse and corruption.

A highly sensitive issue, taxation of farmers will move forward slowly, western diplomats said, adding that the state's credit situation is acute. "The state budget is not matched by its income and the fact that it has sent out policemen on occasion to collect taxes shows the bad need," one source said.

Beijing is also attempting to increase grain production by experimenting with a kind of group contract system to replace the individual household system. The current plan would group together small plots of land to reach economies of scale and allow better mechanisation. It would also enable irrigation facilities to be better maintained.

With the move towards more private farming in the last decade, irrigation and storage facilities have broken down and are in a state of disrepair. "China has been atomised into too many small plots and is now being reshaped into larger entities to be more economic," one diplomat said.

Diplomats said this is not a return to the collectivisation that existed under Mao Zedong and which farmers were forced to join. This new system is reportedly not compulsory and farmers are allowed to keep control of their land and have their own tools.

"If collectivisation takes place again the way it did in the past, you could expect farmers to have an uprising," one western analyst said.

The central government is also attempting slowly to change the diet of its citizens in an effort to reduce grain consumption. Increasingly it emphasises poultry production instead of pig farming because the feed conversion ratio is much more efficient.

In the past two years, more foreign companies have become involved in assisting the Chinese with setting up at least eleven integrated poultry complexes, which, collectively, are worth an estimated $100m to $200m, diplomats said.

In spite of efforts to reduce grain consumption, agriculture still faces serious shortages of energy, water, fertiliser, and other raw materials.

One of the most import tasks, though, is how to restructure the grain pricing system to induce farmers to grow more grain and switch their efforts from raising more lucrative cash crops. "The Chinese have to get the prices right and that's where the challenges are," one western banker said.

Strike halts S African antimony production

By Jim Jones in Johannesburg

PRODUCTION of about one fifth of the world's antimony has been halted since last week by a strike at Consolidated Murchison, South Africa's only producer of the metal.

The legal strike by members of the all-black National Union of Mineworkers (NUM) comes after weeks of negotiations and arbitration had failed to bring about an agreement on this year's wage increases. Yesterday a company spokesman was unable to say when the strike might end.

In its financial year to June 30 1989 Murchison redneed production to 8,838 tonnes of antimouy sulphide concentrates coutaining 5,201 tonnes of metal from the previous year's 10,855 tonnes containing 6,284 tonnes of metal. Nevertheless turnover increased to R54.6m from R42.0m and the pre-tax profit rose to R11.1m from R5.8m.

In his annual statement to shareholders this week Mr Michael Hawarden, the chairman, said demand for antimony oxide, used in flame retardants, was firm. However price discounting by Chinese producers left prices static.

China has long been a thorn in Murchison's flesh and is periodically criticised for its disruptive marketing strategies – strategies apparently needed to sell poor quality and impure concentrates prodnced by ill-equipped Chinese mines.

Burma signs foreign oil deal

By Steven Butler

BURMA has concluded its first oil exploration and production sharing agreement with a foreign company since the oil industry was nationalised in 1962, when a military government headed by General Ne Win came to power.

The agreement, with Yukong, South Korea's biggest oil refiner, will run for 25 years and was signed with the Myanmar Oil and Gas Enterprise of the Energy Ministry.

A number of international oil companies are currently in discussions with the Burmese government and hoping to sign similar agreements. The Burmese socialist government, which was nearly toppled last year, has traditionally been hostile to foreign involvement in the economy.

However, the international oil companies have expressed keen interest in resuming exploration in the country as they expand exploration programmes elsewhere in the region. Vietnam has recently awarded offshore drilling concessions to foreign exploration consortia, and a number of companies are hoping to sign exploration accords in Laos.

Rear Admiral Maung Maung Khin, the Burmese Energy Minister, was reported as saying at the signing: "Today we show to the international community that we mean real business by joining hands with an international investor in a venture across a quarter of a century into the future."

● Petrobras, Brazil's state-owned oil company, has discovered reserves of oil and gas in the Tubarao field off the coast of the states of Parana and Santa Caterina – well to the south of its main offshore field at Campos, writes Ivo Dawnay in Rio de Janeiro.

Drilling 180km from the coast, the company has hit reserves estimated at between 80m and 100m barrels of oil and gas equivalent.

Mr Wagner Freire, director for exploration and production, said that the find appeared on preliminary evaluations to be commercially viable and possibly larger than the Meriuza gas field off Sao Paulo state, now entering production.

Testing should be completed by the end of this week, but initial trials were "positive and auspicious," Mr Freire said.

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL prices closed near the day's low on the London Metal Exchange yesterday. Influential merchant selling in morning trading attracted some buying, dealers said. But analysts now believe the market is likely to retest the recent low of $10,050 a tonne unless significant fresh European offtake emerges. Copper prices eased in a market continuing to lack definite direction. Many major overseas players were absent from their offices following the annuel LME dinner last night, traders said. Meanwhile cocoe prices recovered most of the losses euffered in the morning. Technical factors inspired the rally. Dealers said the prospect of origin selling by the Ivory Coast and Ghana continued to overhang the market, although manufecturer buying interest remained fairly strong.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.95-6.05q	-0.05
Brent Blend	$18.75-8.85w	+0.05
W.T.I. (1 pm est)	$20.15-0.20q	+0.05
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$210-212	-3
Gas Oil	$174-175	-4
Heavy Fuel Oil	$96-97	-1
Naphtha	$155-157	-3
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$366.25	+0.25
Silver (per troy oz)♣	524c	+1
Platinum (per troy oz)	$491.8	-0.2
Palladium (per troy oz)	$140.55	+0.00
Aluminium (free market)	$1770	+20
Copper (US Producer)	135⅝-136c	+2
Lead (US Producer)	40.5c	
Nickel (free market)	495c	-5
Tin (Kuala Lumpur market)	22.09r	-0.16
Tin (New York)	387.5c	
Zinc (US Prime Western)	80.25c	
Cattle (live weight)†	115.24p	-0.24*
Sheep (dead weight)†	152.59p	+8.83*
Pigs (live weight)†	105.36p	+3.57*
London daily sugar (raw)	$352y	
London daily sugar (white)	$404.0y	-4.5
Tate and Lyle export price	£334.0	+0.5
Barley (English feed)	£107w	
Maize (US No. 3 yellow)	£123.75w	
Wheat (US Dark Northern)	£127.5w	
Rubber (spot)♥	56.0p	
Rubber (Nov)♥	59.0p	
Rubber (Dec)♥	59.75p	
Rubber (KL RSS No 1 Nov)	234.5m	-0.5
Coconut oil (Philippines)§	$485z	
Palm Oil (Malaysian)§	$335t	
Copra (Philippines)§	$315	
Soyabeans (US)	£165q	+3
Cotton "A" index	82.75c	-0.05
Wooltops (64s Super)	597p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. t-Jan/Mar. v-Sep/Oct. w-Oct. q-Nov. z-Jan/Feb/Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	726	729	736 704
Mar	718	719	721 699
May	729	728	731 710
Jul	742	742	746 723
Sep	756	757	758 740
Dec	783	783	786 768
Mar	810	806	803 790

Turnover: 8673 (16134) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 4 846.53 (846.27) :10 day average for Oct 5 878.97 (883.82)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Nov	684	720	705 663
Jan	684	715	705 664
Mar	700	732	720 681
May	715	753	740 701
Jul	732	770	760 722
Sep	755	790	780 745
Nov	770		780 765

Turnover: 7715 (7372) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 3: Comp. daily 84.31 (87.24). 15 day average 87.93 (88.19)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Dec	321.00	316.00	313.00
Mar	318.80	311.40	320.00 308.00
May	313.20	306.00	313.80 303.00
Aug	306.80	300.00	309.00 297.00
Oct	295.80	290.00	296.40 286.40
White	**Close**	**Previous**	**High/Low**
Dec	394.50	391.00	390.00 397.00
Mar	394.00	390.00	391.00 386.00
May	394.00	389.00	392.60 386.00
Aug	395.00	389.00	393.00 386.00
Oct	379.00	375.00	874.00

Turnover: Raw 2946 (3304)lots of 50 tonnes. White 1365 (812).
Paris- White (FFr per tonne): Dec 2480, Mar 2500, May 2498, Aug 2520, Oct 2405, Dec 2355.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Nov	18.51	18.44	18.52 18.36
Dec	18.20	18.14	18.22 18.07
Jan	18.03	17.90	18.03 17.88
IPE Index	18.43	18.37	

Turnover: 7621 (6539)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Oct	175.25	176.25	177.00 174.25
Nov	172.75	173.25	174.00 171.25
Dec	171.00	172.00	172.50 170.00
Jan	169.50	170.50	170.50 168.50
Feb	166.75	166.50	167.50 166.75
Mar	161.75	162.75	162.25 161.75
Apr	158.00	158.00	159.00 157.50

Turnover 6225 (6149)lots of 100 tonnes

WOOL
Chinese withdrawal from the primary markets continues not only to affect those markets but to have repercussions throughout the early processing stages, highlighting resultant over-capacity in South America and elsewhere. The result is that UK and European topmakers are finding increasing competition from overseas processors desperate to find new markets for products from mills geared for trade with China. Order books continue to shorten, and the brightest feature is the call-off for delivery of work on contract, which remains surprisingly reasonable in view of the depressed trading background.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 18,850 tonne
Cash	1787-8	1768-73	1770	1769-71		
3 months	1752-4	1742-4	1755/1742	1740-3	1750-5	34,203 lots
Copper, Grade A (£ per tonne)						Ring turnover 25,625 tonne
Cash	1782-3	1796-8	1781.5/1781	1780-1		
3 months	1784-5	1790-1	1785/1778	1781-2	1784-5	70,683 lots
Lead (£ per tonne)						Ring turnover 11,300 tonne
Cash	463-4	464-6	464/460	464-5		
3 months	460-1	460-1	461/457	459-61	461-2	13,293 lots
Nickel ($ per tonne)						Ring turnover 1,722 tonne
Cash	10600-50	10850-75	10725/10625	10750-75		
3 months	10425-50	10610-50	10525/10400	10475-500	10400-50	5,934 lots
Tin ($ per tonne)						Ring turnover 345 tonne
Cash	8410-30	8370-90		8390-400		
3 months	8440-50	8390-400	8450/8390	8410-20	8450-70	5,616 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 18,775 tonne
Cash	1665-70	1675-80	1670/1669	1669-70		
3 months	1668-70	1672-5	1670/1660	1667-70	1665-8	14,067 lots
Zinc ($ per tonne)						Ring turnover 3,300 tonne
Cash	1610-20	1620-30	1614/1613	1613-4		
3 months	1600-5	1600-10		1600-5	1600-10	4,798 lots

LME Closing £/$ rate:
SPOT: 1.6045 3 months: 1.5826 6 months: 1.5597 9 months: 1.5420

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Nov	139.0	139.5	139.0 138.5
Apr	210.0	211.5	213.3 209.4
May	235.5		

Turnover 220 (206) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Oct	145.00	149.00	145.00
Dec	141.50	141.00	141.50
Feb	144.00	142.50	144.00 143.00
Apr	144.00		144.00 143.00

Turnover 490 (80)lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Oct	1508	1525	1531 1597
Nov	1578	1590	1590 1573
Jan	1608	1620	1620 1604
Apr	1639	1647	1655 1634
BFI	1451	1436	

Turnover 385 (564)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Nov	107.90	107.90	107.90 107.55
Jan	112.00	112.00	112.00 111.50
Mar	115.35	115.35	115.20 115.10
May	118.50	118.40	118.50 118.00
Jun	119.90	119.60	119.55
Barley	**Close**	**Previous**	**High/Low**
Nov	105.35	105.10	105.40 105.20
Jan	109.50	109.35	109.60 109.25
Mar	112.30	112.40	112.35 112.20
May	114.25	114.25	114.10

Turnover: Wheat 211 (259), Barley 210 (141). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	133.0	131.0	
Nov	135.5	133.0	
Feb	123.0	121.0	122.0
Apr	124.0	122.0	
Jun	123.0	121.0	

Turnover 2 (61) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	368-368½	228-228½
Opening	366-366½	227-227½
Morning fix	366.05	227.332
Afternoon fix	366.00	227.754
Day's high	366½-367	
Day's low	365¾-366¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	375-380	234-237
Britannia	375-380	234-237
US Eagle	375-380	234-237
Angel	375-380	234-237
Krugerrand	365-368	227-229
New Sov.	86-87	53½-54¼
Old Sov.	86-87	53½-54¼
Noble Plat	497.70-505.60	310.20-315.10
Silver fix	**p/fine oz**	**US cts equiv**
Spot	325.10	522.75
3 months	337.30	535.05
6 months	348.90	546.35
12 months	372.75	570.85

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1650	136	117	5	22
1750	57	59	22	60
1850	14	24	78	123
Copper (Grade A)	**Calls**		**Puts**	
2700	192	193	30	96
2800	125	141	62	141
2900	75	100	110	198
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
650	47	69	14	37
700	21	45	38	63
750	8	28	73	96
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
650		86		21
700	50	58	25	41
750	26	36	51	69
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
1700	149			6
1750	89	85		15
1800	49	51	1	29

US MARKETS

ALL OF THE METALS featured very light action as prices straddled unchanged levels for most of the day, reports Drexel Burnham Lambert. Copper futures rallied on the close from technical buying as prices broke through resistance levels. In the softs, coffee continued to be pressured by lack of quotes as prices fell sharply. Sugar posted strong gains due to short covering and buy-stops above the 14 cent level basis March. March closed at 1437 up 44. Trade buying supported the cocoa market. The grains featured two-sided action with mostly local dealings. In the livestocks, local selling and lower cash prices weighed on belly futures. Profit taking weakened the hog market as well. Cattle trading was mixed. Cotton was lower after a quiet session. The energy markets were mixed as crude oil traded higher for most of the session while products showed weakness, led by gasoline.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	367.0	366.9	367.3	366.7
Nov	369.5	369.4	0	0
Dec	371.5	371.4	372.2	371.1
Feb	375.6	375.5	376.0	375.0
Apr	379.8	379.7	379.4	379.4
Jun	383.9	383.8	384.0	383.9
Aug	388.0	387.9	0	0
Oct	392.4	392.2	0	0
Dec	396.8	396.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	492.2	491.5	492.5	490.5
Nov	493.9	493.6	0	0
Jan	498.9	498.6	500.0	498.5
Apr	502.5	502.2	503.0	502.0
Jul	506.0	505.7	0	0
Oct	509.5	509.2	511.0	511.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Oct	524.8	521.7	525.0	523.0
Nov	528.9	526.1	0	0
Dec	532.8	530.0	535.0	530.0
Jan	535.8	533.0	0	0
Mar	544.8	542.0	547.0	543.0
May	552.9	550.0	553.5	551.0
Jul	561.2	558.3	561.0	558.5
Sep	569.6	565.7	0	0
Dec	581.6	578.7	0	0
Jan	585.9	582.7	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	131.35	129.55	131.00	129.90
Nov	129.35	127.45	0	0
Dec	127.80	125.95	128.20	124.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	20.23	20.13	20.24	19.90
Dec	20.01	19.96	20.03	19.70
Jan	19.70	19.73	19.78	19.58
Feb	19.53	19.54	19.59	19.42
Mar	19.35	19.37	19.39	19.28
Apr	19.21	19.24	19.26	19.17
May	19.10	19.12	19.14	19.02
Jun	18.98	19.00	19.04	18.90
Jul	18.90	18.90	18.93	18.82
Aug	18.80	18.82	15.72	18.72

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	5965	5968	6975	5915
Dec	6000	6000	6005	5940
Jan	5940	5932	5940	5885
Feb	5795	5795	5805	5760
Mar	5565	5550	5580	5530
May	5215	5170	5215	5215
Jun	5110	5065	5110	5110

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1016	1002	1022	996
Mar	1027	1011	1029	1006
May	1045	1020	1045	1020
Jul	1068	1048	1068	1046
Dec	1110	1100	1112	1095
Mar	1138	1125	1135	1120

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	73.03	76.50	74.90	73.01
Mar	75.65	70.11	77.60	75.56
May	77.85	81.60	79.75	77.75
Jul	80.00	83.70	82.25	80.00
Sep	83.00	85.50	84.50	83.00
Dec	86.00	86.83	87.00	86.00
Mar	88.75	91.20	90.00	88.75

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	13.65	13.10	13.23	13.20
Mar	14.37	13.93	14.42	13.88
May	14.09	13.70	14.15	13.68
Jul	13.85	13.48	13.93	13.42
Mar	13.06	12.75	13.00	13.00

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	75.70	75.90	75.72	75.40
Dec	74.70	74.97	74.81	74.44
Mar	75.56	75.65	75.74	75.35
May	76.00	76.07	76.15	75.85
Jul	76.15	76.00	76.40	76.00
Oct	70.25	70.20	70.25	70.00
Dec	67.25	67.20	67.25	66.85

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	136.70	136.60	136.90	136.60
Jan	133.10	132.25	134.50	132.05
Mar	132.60	131.50	133.75	131.90
May	132.35	131.50	133.10	131.65
Jul	132.35	131.50	0	0
Sep	132.35	131.50	0	0
Nov	132.35	131.50	0	0
Mar	132.35	131.60	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Oct 3	Oct 2	mnth ago	yr ago
1876.9	1875.3	1914.9	1857.6

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	130.73	130.93	129.45	131.68
Futures	131.48	131.95	130.52	136.09

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	576/4	576/2	582/0	576/0
Jan	588/6	586/0	593/4	588/0
Mar	600/6	600/2	605/4	600/0
May	609/4	510/4	615/4	609/4
Jul	615/4	615/6	620/4	615/0
Aug	612/0	613/6	618/0	612/0
Sep	597/0	597/0	605/0	597/0
Nov	595/4	594/4	598/4	595/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	18.97	19.06	19.12	18.95
Dec	19.37	19.44	19.53	19.36
Jan	19.63	19.68	19.78	19.63
Mar	20.04	20.10	20.20	20.04
May	20.40	20.45	20.53	20.40
Jul	20.75	20.75	20.80	20.68
Aug	20.80	20.70	20.85	20.80
Sep	20.85	20.70	20.95	20.85

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	192.9	192.8	194.0	192.2
Dec	186.8	187.0	188.7	186.1
Jan	184.7	185.5	187.2	184.6
Mar	182.9	184.2	185.8	182.7
May	182.0	183.5	184.2	182.0
Jul	180.3	182.2	183.6	180.1
Aug	179.0	181.2	182.5	179.0
Sep	177.0	180.0	181.5	177.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	239/0	240/4	241/4	238/4
Mar	247/6	248/4	249/6	246/6
May	253/4	254/4	255/6	252/4
Jul	256/6	257/2	259/0	256/0
Sep	247/0	246/4	247/4	245/4
Dec	243/0	243/0	244/0	242/0
Mar	250/0	250/0	250/0	249/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	409/2	409/6	411/0	407/4
Mar	405/4	405/4	407/2	403/6
May	386/0	386/2	389/0	384/4
Jul	357/2	356/6	357/4	354/0
Sep	361/4	389/4	361/4	359/4
Dec	370/6	369/0	370/6	369/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	71.05	71.35	71.70	70.92
Dec	73.72	73.77	74.10	73.55
Feb	74.15	74.27	74.52	74.07
Apr	74.67	74.67	74.95	74.57
Jun	71.95	72.00	72.20	71.90
Aug	70.25	70.35	70.55	70.25

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	44.77	45.10	45.00	44.62
Dec	44.72	45.25	45.20	44.55
Feb	45.22	45.85	45.80	45.20
Apr	43.22	43.82	43.82	43.18
Jun	47.90	48.17	48.05	47.80
Jul	48.12	48.45	48.35	47.85
Aug	46.95	47.00	47.00	46.80
Oct	43.20	43.45	43.35	43.20

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	48.17	48.50	48.75	48.05
Mar	47.92	48.30	48.45	47.87
May	48.15	48.62	48.75	48.05
Jul	47.72	48.20	48.30	47.72
Aug	46.82	46.70	46.80	46.82

LONDON STOCK EXCHANGE

German rate fears dominate equities

STOCK MARKET investment was largely on hold in London yesterday as equity strategists watched the performance of sterling and the German money markets and held their breath ahead of this morning's credit policy meeting at the Bundesbank.

Share prices, firm at first on Wall Street's overnight gain, slid lower as the DM/sterling rate fell and the West German authorities appeared to hint at higher domestic interest rates. By the close of trading, the UK equity market was bracing itself for a rise today in German rates of one half or perhaps a full point, but views were divided on whether such a development would automatically bring an immediate rise in UK base rates to 15 per cent.

Account Dealing Dates		
*First Dealings:		
Sep 18	Oct 2	Oct 16
Option Declarations:		
Sep 28	Oct 12	Oct 26
Last Dealings:		
Sep 29	Oct 13	Oct 27
Account Day:		
Oct 9	Oct 23	Nov 6

*New time dealings may take place from 9.00 am two business days earlier.

Some analysts, pointing to the Bank of England's aggressive defence of sterling yesterday, maintained that with the UK political conference season now in full swing, upward pressures on UK rates will be resisted by the authorities as long as possible. Mr Peter Warburton at Flemings commented that currency intervention might not be enough, and that a strongly-worded policy statement from the authorities might be useful.

Meanwhile, the stock market grew increasingly apprehensive as sterling slid towards the DM 3.00 level yesterday afternoon. In early dealings, when the pound was steady, the equity market moved up by 12.5 Footsie points. And even when this early confidence began to fade, there was little selling pressure in the equity market, and the final reading on the FT-SE Index, at 2,312.3, showed a net fall of only 6.5.

The equity market appears to have been oversold during last week's shakeout, and Tuesday's sharp upswing indicates how strongly share prices can recover in the short term if the worst fears on interest rates are not realised. Mr Robin Aspinall, chartist at Hoare Govett, believes that a recovery to the Footsie 2,365 area is possible in the near term, before the market continues its "correction phase".

Seaq volume fell to 472.1m from Tuesday's 555.7m which included 115m shares in Ferranti; turnover in Ferranti was substantially lower yesterday, although the mystery stake-builder continued to buy the newly-requoted stock of the defence electronics group. Eurotunnel units were again depressed by the need for further financing.

Interest rate fears lay across the retail sectors, and the international blue chips were also inclined to wait for today's developments in German credit markets.

Among the exceptions, however, was BAT Industries which moved higher as leading UK securities houses recommended clients to buy the shares pending further news on plans to demerge some operations, or from the acquisitive Hoylake camp.

FINANCIAL TIMES STOCK INDICES

	Oct 4	Oct 3	Oct 2	Sep 29	Sep 28	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.16	84.59	84.51	84.57	84.61	88.10	89.28 (8/2)	83.75 (14/6)	127.4 (8/1/35)	49.18 (3/1/75)
Fixed Interest	96.09	95.19	95.20	95.88	95.98	98.70	98.59 (15/3)	95.09 (4/10)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1890.2	1899.3	1876.9	1865.7	1878.2	1471.7	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	209.4	208.9	211.9	212.0	215.2	173.0	215.2 (28/9)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2312.1	2318.6	2289.2	2299.4	2291.7	1826.3	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.32	4.30	4.35	4.31	4.34	4.70				
Earning Yld %(full)	10.38	10.30	10.42	10.34	10.40	11.85				
P/E Ratio(Net)(☆)	11.63	11.70	11.57	11.65	11.59	10.22				
SEAQ Bargains(5pm)	25,109	25,348	22,833	27,740	23,332	23,288				
Equity Turnover(£m)†	-	882.62	635.75	998.67	758.16	1367.24				
Equity Bargains†	-	25,098	23,688	27,672	22,601	22,819				
Shares Traded (ml)†	-	408.1	272.9	408.4	323.7	503.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.52

Ordinary Share Index, Hourly changes Day's High 1906.9 Day's Low 1890.2

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1906.3	1897.0	1891.2	1892.7	1895.5	1895.4	1892.3	1892.2

FT-SE, Hourly changes Day's High 2331.1 Day's Low 2312.1

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2327.1	2319.4	2312.3	2314.0	2317.4	2317.4	2313.4	2313.7

S.E. ACTIVITY

Indices	Oct 3	Oct 2
Gilt Edged Bargains	88.7	80.2
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A
5 – Day average		
Gilt Edged Bargains	87.6	88.4
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A

SE Activity 1974. †Excluding intra-market business & O'seas turnover. London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	5,100	181	-4½
Abbey National	2,200	149	-½
Allied-Lyons	3,500	522	+1
Amstrad	1,000	62½	-3½
Argyll Group	1,400	230	+1
Ass. Brit. Foods	227	404	+4
BAA	1,200	340	-2
BAT Inds.	2,475	846	+13
BET	320	287	-1
BICC	357	505	-5
BOC	1,800	497	-5
BPB Inds.	2,600	253	-9
BTR	1,400	449	-2
Barclays	2,100	517	-5
Bass	505	1038	-13
Blue Circle	1,000	239	-4
Boots	4,000	285	-2
Brit. & Comm.	1,200	140	-4
Brit. Aerospace	1,200	620	-5
British Airways	3,000	210½	-½
British Gas	5,400	210½	-1½
British Land	594	368	-4
BP	4,900	306	-1
British Steel	5,600	125½	-1
British Telecom	3,800	271	-1½
Burmah Oil	1,100	622	-3
Burton	1,300	232	-3
Cable & Wireless	3,300	565	-3
Cadbury Schweppes	2,600	402	+4
Carlton Comm.	172	884	+5
Commercial Union	580	460	+3
Cookson	1,300	324	+3

Stock	Volume 000's	Closing Price	Day's change
Courtaulds	392	374	-2
Dalgety	4,300	436	+12
Dixons	1,800	141	
Eng. China Clays	231	457	-3
Enterprise Oil	15	593	-6
Fisons	1,900	332	+4
General Accident	718	1069	-13
General Elect.	2,100	243	-2
Glaxo	725	1406	+1
Globe Inv.	716	190½	
Glynwed Int.	1,600	277	-11
Granada	535	345	
Grand Met.	5,100	604	+6
GUS A	530	1107	+2
GRE	1,300	228	+4
GKN	377	428	-4
Guinness	1,300	548	-5
Hammerson "A"	265	807	-5
Hanson	2,200	215½	+½
Harrisons & Cros.	2,700	160	-7
Hawker Siddeley	242	687	-18
Hillsdown Hldgs.	1,000	302	
IMI	465	224	-3
Imp. Chem.	514	1236	-12
Inchcape	301	269	-2
Jaguar	6,300	633	+34
Kingfisher	2,400	325	-5
Ladbroke	1,100	328	-9
Land Securities	489	563	-7
Laporte	228	488	-5½
Legal & General	1,800	368	-3
Lloyds Bank	602	390	-5

Stock	Volume 000's	Closing Price	Day's change
LASMO	593	511	-1
Lonrho	1,900	267	+1
Lucas	513	669	-10
MB Group	3,100	289	+1
MEPC	184	554	-5
Marks & Spencer	1,400	198	
Maxwell Comm.	1,200	204	+1
Mecca Leisure	964	183	-3
Midland Bank	698	368	+3
Nat. West. Bank	939	327	-1
Next	1,200	125	+1
Northern Foods	152	327	-2
Pearl	877	645	-1
Pearson	231	738	+12
P & O	568	667	-8
Pilkington	1,300	247	-3
Polly Peck Intl.	308	326	-4
Prudential	1,200	198	-1
RHM	228	450	-4
RMC	311	706	-4
RTZ	881	547	-1
Racal	6,200	236	-1
Rank Org.	355	928	-14
Reckitt & Colman	241	1189	-23
Redland	661	558	-4
Reed International	865	429	-2
Reuters	515	949	+6
Rolls Royce	4,800	182	-2
Rothmans	179	630	-1
Royal Bk of Scotland	489	177	-1
Royal Insurance	2,300	463	+5
STC	7,100	329	-13

Stock	Volume 000's	Closing Price	Day's change
Saatchi & Saatchi	138	294	-2
Sainsbury	965	270	-4
Scott & Newcastle	3,100	364	
Sears	5,000	117½	+1½
Sedgwick	820	276	+6
Shell Transport	3,600	435	+5
Siebe	997	515	-8
Slough Ests.	581	346	-8
Smith & Nephew	981	140½	-1½
SmithKline Beecham	3,600	567½	+7½
Smiths Industries	885	294	-6
Standard Chartered	338	535	+4
Storehouse	2,100	141	
Sun Alliance	338	308	-1
T&N	2,100	214	-3
TI Group	385	456	-6
TSB	4,400	115½	
Tarmac	1,500	284	-6
Tate & Lyle	365	265	
Taylor Woodrow	32	301	+1
Tesco	1,400	198	-2
THORN EMI	1,000	810	-3
Trafalgar House	1,200	379	-9
Trusthouse Forte	1,100	329½	-3½
Ultramar	655	328	-1
Unilever	1,100	633	+2
United Biscuits	1,900	302	-2
Utd. Newspapers	370	479	-1
Wellcome	311	660	-5
Whitbread "A"	732	375	-6
Williams Hldgs.	635	254	+1
Wimpey	285	264	-5

Further action in Ferranti

The search to unmask the buyer of large lines of Ferranti shares continued yesterday as the share price of the beleaguered defence electronics group moved up again in another session of heavy trading.

At the close Ferranti were 4½ higher at 59½p with 38m shares reported on the Seaq system as having changed hands. Ferranti shares were re-quoted at 48p on Tuesday when a massive 115m shares moved through the Stock Exchange's trading system, triggering rumours throughout the City of London that a substantial stake in Ferranti was being accumulated.

British Aerospace was said to be the favourite to have built the stake, while other names such as STC and several overseas companies were mentioned. Dealers said there were plenty of big buyers in the market yesterday and the consensus was that possibly two big share stakes were being accumulated.

Market stories that STC were buyers of Ferranti lay behind a sharp decline in STC shares, which ran back to close a net 13 off at 329p on big turnover of 7.1m. Specialists also pointed to the recent profits downgrading of STC by Cazenove and talk that other downgrades were imminent. It was also pointed out that the sale, announced yesterday, of a 500,000 shares at 339p apiece by Mr Arthur Walsh, STC's chief executive, precluded the company from undertaking any major corporate deals in the near future. After the transaction, he remains a beneficial owner of 512,000 shares.

Dalgety alert

Dalgety advanced strongly on the announcement that Mr Robert Holmes à Court had put most of his 5.8 per cent stake in Dalgety into Como International, an investment vehicle set-up with Societe Nationale Elf Aquitaine, the French oil company. Dealers drew the conclusion that this could bring a takeover bid closer and marked Dalgety higher. The shares closed up 12 at 436p.

However, it seems unlikely that a bid for Dalgety would come from Como, dealers said. Instead, Como may be hoping that their interest will spur another company into making a full bid, leaving it in a strong position to acquire part of Dalgety in the event of a break-up.

Mr Carl Short of Kitcat & Aitken said Elf would be interested in acquiring Dalgety's food ingredients business, while Mr Holmes à Court might hope to buy its Australian interests. "Holmes à Court is spreading his risk by this deal. His shares are worth about £45m and he is hoping this will get someone else to bid for Dalgety," he said.

Barclays were the most active stock in a generally quietly traded banks sector with the shares 5 off at 517p on 2.1m – "profit-taking" said one dealer. The Midland/Hong Kong & Shanghai stories were behind the 3 rise in Midland shares, which closed at 368p.

Standard Chartered spiralled upwards to touch 545p bid early in the session before sliding back to close a net 4 higher at 535p as the market picked up the scent of a deal between Standard and West Deutsche Landesbank. The retreat by the Standard share price from its early enhanced level was said by dealers to have reflected the fact that a full bid for Standard is much less likely.

Merchant banks were marginally easier but one trader pointed out the lack of selling of Morgan Grenfell, where heavy activity and strong buying in recent days convinced specialists that a bid for the bank could be imminent. Kleinwort Benson, which is in the process of buying back large numbers of its own shares, held at 374p.

Life assurers, the scene of some heavy buying interest triggered by Monday's £1.1bn bid by Australian Mutual Provident for Pearl Group, ran into a bout of profit-taking. County NatWest WoodMac says that although bid hopes in the sector are unlikely to die quickly: we believe this presents an opportunity to lighten holdings in Britannic, London and Manchester and Refuge. In Britannic's case County says the shareholding structure makes a hostile bid very unlikely, while for L & M and Refuge their shares are in line with our estimates of the present mutualisation price – even in the event of a bid the upside in limited." Britannic fell 5 to 521p, Refuge 7 to 602p and L & M 3 to 322p.

On Pearl County says "We believe a reasonable price for Pearl is £7." Pearl shares were a shade easier at 643p.

Insurance brokers continued their recent re-rating with Willis Faber, sustained by the market hints that a sale of the near-21 per cent stake in Morgan Grenfell is imminent, edged up 2 to 253p on 1.7m.

The oil sector proved disappointingly quiet. Shell were again boosted by what dealers identified as US buying with the stock closing 5 ahead at 435p on 3.6m shares. But other top oils suffered from a general lack of interest. BP were a penny cheaper at 306p on 4.9m while British Gas eased 1¼ to 210½p on 5.4m. Enterprise lost 6 of the previous day's sharp gain, closing at 593p in thin trading. A single large trade in Burmah, in excess of 620,000 shares, failed to trigger any substantial follow-through business, and Burmah shares settled 3 off at 622p.

Premier were a fraction off at 108½p despite an upgrading from Shearson Lehman Hutton. Shearson's oil team recommends clients to "buy the stock in the run up to its exceptionally exciting drilling programme towards the end of the year in Thailand, Papua New Guinea and Pakistan."

Shearson adds that most interest will focus on Premier's acreage in the Gulf of Thailand where it has 55 per cent. One new discovery there would confirm that the oil in Premier's first well was not an isolated field and it would raise the probability that Premier has a grass-roots position in a major new oil province. Shearson rates the chances in the 4-6 well programme beginning in December as "excellent. The drilling story was also the theme adopted by the Kitcat & Aitken oil team – Premier offers exceptional leverage to any discoveries with the potential to double current net asset value," says Kitcat.

But Shearson is less positive on the oil sector overall, moving their positive recommendation to one of neutral – "attention is shifting to stagnating 1990 earnings and spectacular 1989 growth is fully discounted.

BZW's oil team sees a risk that crude prices will soften in the run up to the November 25 OPEC meeting but believes that "any weakness in share prices should be used as a buying opportunity in stocks geared towards the long term prospects for oil prices and the strengthening dollar."

Further speculation that General Motors (GM), the world's largest car manufacturer, was to hold a board meeting at any moment at which it would decide on a full bid for Jaguar, sent shares in the company racing ahead.

Over 6m shares were traded as the share priced soared to close at 633p, a gain on the day of 34. Almost 2m contracts were also exchanged in the options market.

Many analysts now believe that Jaguar was about to agree to GM taking a 30 per cent stake in the company but was caught off guard by the news two weeks ago that Ford Motor intended to acquire a stake in Jaguar.

An analyst said: "What is interesting is that neither Ford nor General Motors have said what each is prepared to pay for the company. It seems that each of the companies is determined that if it does not acquire the company, then it will make sure the deal is unacceptably high for the other side."

GKN suffered another fall dropping 5 to close at 429p, while Lucas, which has experienced a steady rise over the past two weeks, also fell, closing the day at 669p, down 10. Nomura believes that the company has good long term prospects.

"I believe Lucas will be one of the key beneficiaries of Japanese car manufacturers increasing their activities in the UK", Mr John Lawson, analyst at Nomura said yesterday. He believes the company will soon be making an announcement involving a deal with a Japanese manufacturer – perhaps a joint venture.

The prospect of strike action at heavy engineering firms in pursuit of a 35 hour working week depressed a number of shares in the engineering sector. British Aerospace closed at 620p, a drop on the day of 5, while Rolls-Royce closed down 2, at 184p.

Continued fears of financial difficulties at Eurotunnel, the British company contracted to build the UK part of the Channel Tunnel, sent shares plummetting even further. The shares closed at 560p, a fall of 40p.

UBS Phillips & Drew downgraded profit expectations for this year from £104m to £100m, and for 1990 from £116 to £105.

Among publishing stocks, Pearson added 12 to 738p in modest trade.

Amstrad, the electronics group scheduled to report full-year results on October 17, continued their dismal performance, with the shares slipping back 3¼ more to a year's low point of 62½p. BZW and Citicorp Scrimgeour Vickers are forecasting pre-tax profits of £85m, compared with last year's £160.4m.

The stores sector continued to trade nervously on fears of the likely effect on retail trading of any further increase in domestic interest.

Sears rose 1¼ to 117¼p on relief that half-time results were not as bad as some traders had feared. Profits fell 11 per cent to £80.5m, once property transactions were stripped out, which was at the the lower end of analysts' expectations. But the shares were pushed higher as the market focused on the company's strong management, healthy cash flow and the continuing possiblity of a takeover.

However, the sharp fall in footwear sales, which forms a large part of Sears' business, unsettled the market. Mr Nick Hawkins of Kleinwort Benson said that as a result of the interim results he had lowered his full-year profit estimate to £220m from £245m. "There is just very little growth in the market at the moment. The threat of higher interest rates are putting people off from going to the stores," he said.

The release of Next results today also kept the sector quiet. Analysts said that in the light of recent bearish reports, Next profits could be set to fall by a third to around £20m. Next shares edged 1 higher to 125p and traded 1.2m.

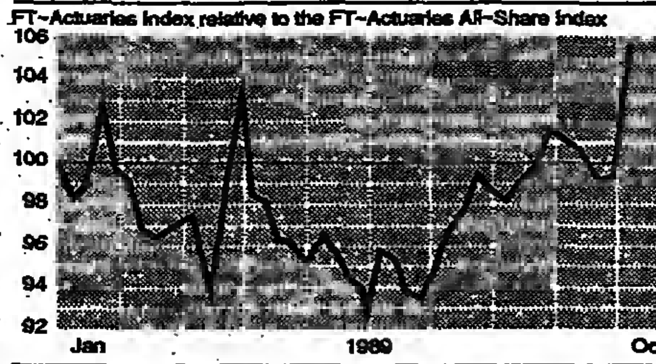
Etam, the clothing chain, jumped 14 to 203p on a stock shortage and expectations that it will defy the rest of the sector when it reports half-time results today. Analysts forecast profits stripped of property transactions will have risen to £6.1m, against £5.7m last year. Mr John Chataway of Kitcat & Aitken said profits would continue to be boosted by Etam's planned doubling of selling space by the end of this year.

"The results will show in no uncertain terms that Etam continues to buck the trend," he said.

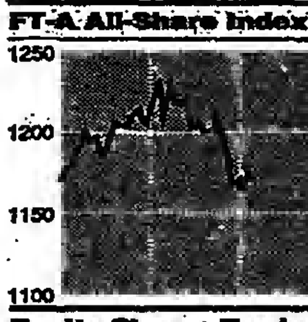
■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 26

Life Insurance

FT–Actuaries index relative to the FT–Actuaries All–Share index

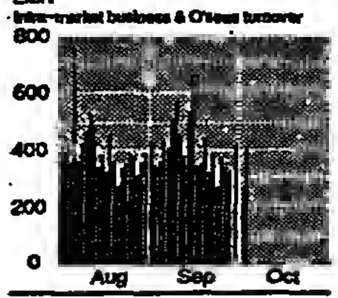


FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excl: Intra-market business & O'seas turnover



NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (86).

BRITISH FUNDS (1) AMERICANS (4) CANADIANS (1) BANKS (2) BUILDINGS (1) ELECTRICALS (3) FOODS (2) INDUSTRIALS (5) Computer People, Cooper (A.), Eastern Prod., Gordon Russell, Sothebys Hldgs. Inc. Class "A". INSURANCE (6) MOTORS (1) PAPERS (2) SHOES (1) SOUTH AFRICANS (1) TRUSTS (36) OILS (3) MINES (4).

NEW LOWS (67).

BRITISH FUNDS (11) CANADIANS (1) BUILDINGS (7) CHEMICALS (2) STORES (9) ELECTRICALS (6) ENGINEERING (4) FOODS (2) INDUSTRIALS (14) Avon Rubber, Bodycote Int'l., Burndene, Copymore, Eleco, Ersor, ISS-Int. Serv. Sys. "B", Ibex, Jourdan (T.), NMW Computers, Quodant, Stag Furniture, Whittington, Wills Grp., LEISURE (1) MOTORS (1) PAPERS (2) PROPERTY (3) SHOES (1) SOUTH AFRICANS (1) TEXTILES (2) TRANSPORT (1) TRUSTS (2) OILS (2) OVERSEAS TRADERS (1) THIRD MARKET (2).

APPOINTMENTS

Changes at Higgs and Hill

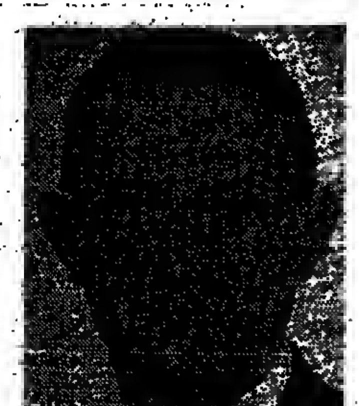
■ HIGGS AND HILL has made the following board changes. Sir Brian Hill steps down as chief executive, but remains executive chairman.

Mr D.L. Ridout, joint managing director, gives up his executive duties but remain a non-executive director. Mr J.A. Theakston succeeds Mr Ridout as joint managing director. Mr Theakston is responsible for UK property, European property, homes and finance.

Mr C.R.H. Archer has been appointed finance director and will join the company in December from British Home Stores and Storehouse, where he is group financial controller.

Mr S. Schneider will become personnel director in December. He is currently director of personnel and administration at Humphreys and Glasgow.

■ Mr Bryan Castledine has been appointed managing director of BRITH. He replaces Mr Graham Davies who remains executive chairman. Mr Anthony McManus becomes company secretary on October 7 in succession to Mr Michael Wright who is retiring on that date.



Mr Adrian Day (above) has been made managing director of RACAL RECORDERS. He moves to Racal Recorders from the Racal Marine Electronics Group, where he managed the group's US and Canadian activities.

■ SCANTRONIC HOLDINGS has appointed Mr Richard Swan as a non-executive director. He is a senior partner of law firm Heald Nickinson.

■ Mr Stephen Hartley has been appointed to the main board of MOSS BROS GROUP.

■ GREENPATH MANAGEMENT SERVICES has made Mr David Foreman managing director of its subsidiary, The Product Register. He was previously senior commercial adviser with the US Foreign & Commercial Service at the American Embassy in London.

■ IBSTOCK JOHNSEN has made a change in the management structure of Ibstock Building Products following the decision by Mr Graham Walker, managing director of the UK subsidiary, to take early retirement. Mr John Milham, operations director, south, becomes managing director of IBP and Mr Martyn Clamp, operations director, north, is made operations director with responsibility for all the brick factories and sales regions in the UK. Mr Walker will be retiring from the board of Ibstock Johnsen and IBP on December 31.

■ FIRST NATIONAL FINANCE CORPORATION has appointed Mr Colin Stokes as group chief surveyor and as a property development director of First National Developments in succession to Mr Peter Otway, who will be retiring shortly. Mr Stokes joins from John Mowlem Homes where he was a director.

■ OFFICE CO, the furniture systems company, has elected its head designer, Mr John Fogarty, to the board.

■ Mr John P. Davis has been appointed deputy chairman of AEROSPACE ENGINEERING in addition to his role as chief executive. Mr Graham Holgate has become managing director. He was formerly managing director of C.M.L. Precision Machining and C.M.L. Fabrications, both members of the Aerospace Engineering Group.

■ At APOLLO WATCH PRODUCTS Mr Anthony Thomas is appointed financial director (designate) and company secretary. He was a senior manager in the corporate finance department of Deloitte Haskins and Sells in Cardiff.

■ Mr John C. Marvin has been made a non-executive of WHITECROFT. He is deputy chairman of Hickson International.

■ F & C EUROTRUST has appointed Mr T.G. Abell as a director.

■ Mr David Burton, an executive director of S.G. Warburg & Co and chairman of LIFFE, has been appointed non-executive chairman of MARSHALLS FINANCE, the holding company of M.W. Marshall & Co. Mr C.J.K. Nelson has been made chief executive of M.W. Marshall & Co.

■ Mr James Beckett has been appointed divisional managing director of FKI's distribution products division.

■ Mr James Rossi is to become marine underwriter at ORION INSURANCE on January 1 in succession to Mr David Lowen who retires on December 31. Mr Rossi, deputy marine underwriter, has assumed responsibility for day-to-day marine underwriting.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	56.69	57.30	60.96	+0.57	4.49
Gilts & Fixed Int	6	108.2	108.2xd	114.7	-0.20	8.72
High Inc Equity	6	136.6	139.4xd	148.4	+0.60	4.28
Worldwide Bond	6	200.2	200.2	212.10	+0.50	5.00
Capital Growth						
American Growth	6	204.7	206.8	220.1	+2.70	0.00
Asian Pacific	6	113.1	113.2	122.6	+0.30	1.06
Assets & Earnings	5	163.6	163.6	175.0	+1.30	2.11
Capital Reserve Acc	0	86.00	86.85	86.87	-0.01	4.00
Capital Reserve Inc	0	77.18	77.18	77.11	-0.01	5.19
Comdty & Energy	6	112.7	115.1xd	123.1	+1.00	1.54
1992 Enterprise	6	61.60	62.79	66.80	+0.44	1.92
Euro Capital Acc	6	97.89	98.00	104.9	+1.20	0.71
Euro Capital Inc	6	94.38	95.12	101.2	+1.20	0.74
General	6	182.1	182.1	199.8	+1.10	2.57
International	6	56.39	56.29	59.89	+0.62	+.83
Japan	6	121.8	122.7xd	130.6	-0.60	0.00
Mastertrust	6	95.05	93.05	99.52	+0.66	1.71
UK Growth Acc	6	202.4	202.4xd	216.5	+0.40	1.29
UK Growth Dist	6	133.5	133.6	142.9	+0.20	1.96
US Emerging Cos	6	56.04	57.68	61.37	+0.60	0.00
Income & Growth	6	311.8	318.0	338.3	+1.30	3.03
Ethical	6	49.92	51.12	54.39	+0.18	1.84
Abtrust Management Ltd (1000)H						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Buckmaster Mangmt Co Ltd—Contd.						
Income	5	165.5	170.9	181.5	.....	4.41
(Accum Units)	5	322.8	333.2	353.5	-0.1	4.41
International	5	124.6	124.6	131.0	+1.6	3.50
(Accum Units)	5	171.3	171.3	181.2	+2.2	3.50
Smaller Co's	5	114.5	117.5	124.7	-0.3	1.90
(Accum Units)	5	125.9	129.2	137.1	-0.5	1.90
Inv Portfolio	2½	56.18	58.19	59.99	-0.19	3.11
(Accum Units)	2½	58.32	60.40	62.27	-0.2	3.11
High Income Port	3	49.15	49.51	51.51	+0.06	6.26
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 01-480 7216						
Stk Dut Gilt & FI	1¼	54.36	54.36	55.15	+0.02	12.86
CCF Foster Braithwaite UT Mngt (1100)F						
1 White Hart Yard, London SE1 1NX 01-407 5966						
F&B Sel Intl Grth	5½	50.16	50.16	54.00	+0.22	1.39
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 01-740 7070						
UK General Tst	5½	56.95	57.92	61.95	-0.10	2.23
Global Tst	5½	47.12	47.65	50.96	+0.28	2.01
Recovery Tst	5½	50.92	50.92	56.75	-0.11	1.92
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000						
Growth Fd Acc	5	114.4	115.0	122.2	+0.7	3.96
CS Fund Managers Limited (1000)H						
125 High Holborn, London WC1V 6PY 01-242 1148						
CS America	5	67.12	67.12	71.40	+0.09	1.00
CS International	5	63.19	63.19	67.22	+0.53	1.57
CS Japan	5	155.2	155.2	165.1	+1.5	0.21
CS Portfolio Inv ♦	5	75.83	75.83xd	80.67	+0.30	1.75
Canada Life Unit Tst Mgrs Ltd (1200)F						
High St, Potters Bar, Herts, EN6 5BA 0707 51122						
Can Gen Dist	5	149.6	152.1	100.1	+0.40	2.89
Do Gen Accum	5	252.6	256.9	270.5	+0.70	2.89
[illegible]						

Eagle Star Unit Mngrs Ltd (1000)H — Bath Road, Cheltenham [illegible]

Elcon Ltd (1600)F — Central Ct, Knoll Rise, [illegible]

Equitable Units Admin Ltd (1600)F — Walton St., Aylesbury, [illegible]

Equity & Law Unit Tst Mngrs (1200)H — Equity & Law Hse, [illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Midland Personal Pension Unit Trust*						
British	6	61.84	62.49	66.48	+0.26	2.94
European Growth	6	65.88	65.89	70.10	+0.74	0.59
Gilt & Fixed	6	50.93	50.93	54.18	-0.15	9.95
Income	6	57.78	58.55	62.29	+0.5	4.15
Japan Growth	6	60.26	60.63	64.50	-0.56	0.00
Managed	6	58.99	59.78	63.60	+0.17	1.86
Money Market	6	54.49	54.49	57.76	+0.01	10.84
North American	6	61.61	62.69	66.69	+0.26	0.53
Midland PSAVCS Unit Trust*						
British	6	58.30	58.92	62.68	+0.27	2.94
European Growth	6	64.12	64.22	68.32	+0.73	0.59
Gilt & Fixed Int	6	49.67	49.67	52.84	-0.15	9.95
Income	6	58.34	59.22	63.00	+0.5	4.15
Japan Growth	6	62.51	62.90	66.91	-0.56	0.00
Managed	6	58.04	58.83	62.58	+0.16	1.86
Money Market	5	52.15	52.15	55.28	+0.01	10.84
North American	6	61.95	63.01	67.03	+0.80	0.53

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Equity Inc	5	79.08	79.08	84.80	+0.5	2.91
Worldwide Acc	5	114.50	114.50xd	122.20	+0.5	0.29
Worldwide Inc	5	109.80	109.80xd	117.20	+0.4	0.29
UK High Inc Eq Acc	5	84.28	84.28	90.91	+0.16	5.64
UK High Inc Eq Inc	5	74.17	74.17	80.00	+0.14	5.64
Hong Kong Acc	5	48.32	48.32	51.54	+0.24	2.75
Hong Kong Inc	5	46.12	46.12	49.20	+0.23	2.75
Swiss Equities Acc	5	40.47	40.47xd	43.46	+0.7	1.08
Swiss Equities Inc	5	39.73	39.73xd	42.67	+0.69	1.08
W'wide Bond Acc	5	54.62	54.62xd	57.63	+0.3	5.91
W'wide Bond Inc	5	51.96	51.96xd	54.83	+0.28	5.91
Emerging Asia Acc	5	95.24	95.24	102.00	+0.3	0.00
Emerging Asia Inc	5	95.24	95.24	102.00	+0.5	0.00
UK Money Mkt Acc	0	50.48	50.48	50.48	+0.02	12.88
UK Money Mkt Inc	0	50.48	50.48	50.48	+0.02	12.88
Provident Mutual Unit Tst Mgrs Ltd (0905)H						
25-31 Moorgate, London, EC2R 6BA 01-588 3963						
PM Equity Gth	5	124.0	124.0	131.9	+1	2.62
PM Income & Gth	5	102.6	102.6xd	109.1	+0.6	4.00
PM Nth Amer Gth	5	62.18	62.18	66.14	+0.82	1.14
PM European Gth	5	61.69	61.80	65.74	+0.55	0.67
PM Japan Gth	5	82.70	82.83	88.11	+0.35	0.28
PM Overseas Gth	5	57.61	57.61	61.28	+0.41	0.43

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Grs
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	5	17.23	17.23	18.52	+0.05	0.80
Pacific Basin	5	30.74	30.74	32.70	+0.08	0.60
Can Balncd Grth §	5	32.52	32.52	35.27	+0.08	0.10
Glassic Man §	4	0.9646	0.9646	1.0068	+0.3	7.67
Penny Share	5	30.48	30.48	32.42	+0.27	0.50
Wellington Fund Mngs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5	139.9	142.7	150.8	+1.0	4.79
Wellington Growth	5	223.0	225.1	239.5	+1.2	0.32
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 298432						
Wessex UK Gwth	4½	119.3	119.9	124.4	+1.2	2.83
Whittingdale Unit Tst Mngmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Willbro Financial Services Ltd (0905)F						
PO Box 515 Austin Friars, London EC2 01-588 7511						
Windsor Trust Mngs Ltd (1200)F						

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	126.0	133.0	+1.0	–
Building Soc. Fd	174.0	184.0	----	–
Balanced	292.0	308.0	----	–
European	193.0	204.0	+2.0	–
GT Managed	193.0	204.0	+1.0	–
Gartmore Mngd	129.0	136.0	+1.0	–
German	141.0	149.0	+2.0	–
Gilt	181.0	191.0	----	–
Global	50.0	53.8	----	–
High Inc	120.0	127.0	----	–
International Equity	205.0	216.0	+2.0	–
Japan	277.0	292.0	----	–
Managed	64.0	68.0	----	–
Property	294.0	310.0	----	–
R. W Imperial Gold	155.0	164.0	----	–
UK Equity	362.0	382.0	----	–
Pension Funds				
American	147.0	155.0	----	–
Building Soc. Fd	177.0	187.0	----	–
Balanced	227.0	239.0	----	–
European	194.0	205.0	----	–
German	122.0	129.0	----	–
Gilt	159.0	168.0	----	–
International Equity	147.0	155.0	----	–
Japan	150.0	158.0	----	–
Managed	67.0	71.0	----	–
Property	225.0	237.0	----	–
UK Equity	334.0	352.0	+1.0	–
Professional Life Assurance Co Ltd				
Frobisher Hse, Nelson Gate, Southampton 0703 232323				
Pensions Managed Fund	97.05	102.62	----	–
Pensions Cash Fund	80.21	84.43	----	–
Prolific Life & Pensions Ltd				
Stramongate, Kendall, Cumbria LA9 4BE 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Balanced Gwth Mngd	625.6	659.3	+1.6	–
Adventurous Mngd	135.9	143.3	+0.5	–

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Holborn Pensions Ltd – Contd.				
European	107.2	112.9	+1.1	–
Special Situations	119.9	126.3	+0.3	–
Communications	110.2	116.1	+0.5	–
Smaller Companies	113.5	119.5	-0.2	–
International Small Cos	148.1	155.9	+0.6	–
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-548 3201				
Discretionary Sept 20	£166.38	171.72	----	–
Equity Sept 20	£182.90	189.21	----	–
International Sept 20	£28.50	29.13	----	–
Intl Bond Sept 20	£12.30	12.46	----	–
Fixed Int Sept 20	£73.10	73.91	----	–
Index Linked Sept 20	£62.93	63.71	----	–
Property Sept 20	£116.10	122.91	----	–
Cash Sept 20	£21.6827	21.6827	----	–
Pru-Linked Retirement Plan				
Managed Sept 26	405.0	421.9	-3.6	–
Cash Sept 26	204.1	212.6	+0.6	–
Prudential Pensions Investment Account				
Pens Mngd Sept 27	162.6	174.7	+1.0	–
Pens UK Eq Sept 27	315.6	340.2	+2.0	–
Pens Intl Sept 27	198.2	213.2	+0.7	–
Pens Fixed Sept 27	167.2	176.5	+0.3	–
Pens Index Lk Sept 27	160.3	169.1	+0.7	–
Pens Cash Sept 27	133.2	140.3	+0.2	–
Regency Life Assurance Co Ltd				
Regency Hse. Lanark Sq, London E14 9XS 01-538 8800				
Aggressive Ptflio Fd	123.1	129.5	----	–
Balanced Ptflio Fd	321.5	338.4	----	–
Cautious Ptflio Fd	123.7	130.2	----	–
Elite Fund	112.8	118.7	----	–
European Fund	94.0	98.9	----	–
Far East Fund	110.9	116.7	----	–
Fixed Interest Fund	243.1	255.8	----	–
International Fund	293.3	308.7	----	–
Money Fund	180.6	190.1	----	–
N. American Fd	128.9	135.6	----	–
Property Fund	415.0	436.8	----	–
UK Equity Fd	389.7	410.2	----	–
AJ M Brevia Dixies Fd	100.3	105.6	----	–

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

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ISLE OF MAN

LUXEMBOURG

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Int.	Red.
Treas 5pc 1986-89	—	—
Exch 10¼pcCv '89	10.29	13.29
Treas 13pc 1990‡‡	13.04	13.57
Treas 2pc IL '90(84.6)	2.09	9.98
Exch 11pc 1990‡‡	11.11	13.50
Exch. 12½pc 1990	12.57	13.92
Treas. 3pc 1990	3.14	11.25
Treas 8¼pc 1987-90‡‡	8.50	12.76
Treas. 8pc Cv 1990 ‡‡	8.30	13.05
Treas. 10pcCv 1990	10.32	13.23
Exch 2½pc 1990	2.71	9.89
Treas 11¾pc 1991	11.93	12.97
Funding 5¾pc '87-91‡‡	6.22	11.39
Treas. 3pc 1991	3.35	10.22
Treas 10pc Cv '91 ‡‡	10.49	12.65
Exch. 11pc 1991	11.30	12.50
Treas. 8pc 1991	8.73	12.47
Treas 12¾pc 1992‡‡	12.57	11.98
Treas 10pc 1992	10.44	12.06
Treas. 8pc 1992 ‡‡	8.76	12.08
Treas 10½pc Cv 1992‡‡	10.84	11.96
Treas. 3pc 1992	3.58	10.05
Exch. 12¼pc '92	12.16	11.89
Exch 13½pc 1992	12.95	11.76
Treas 8¼pc 1993	9.09	11.60
Treas 10pc 1993‡‡	10.43	12.45
Treas 12½pc 1993‡‡	12.12	11.43
Funding 6pc 1993‡‡	7.08	10.84
Treas 13¾pc 1993‡‡	12.77	11.32
Treas. 8½pc 1994	9.40	11.33
Treas 14½pc 1994‡‡	13.02	11.13

Five to Fifteen Years

BRITISH FUNDS—Contd

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
35⅛	27⅝	Ford Motor $1	32⅝xd	+⅛	$3.[illegible]	–	5.8
37¼	24¼	Gen. Elect. 63c	36⅞	+⅛	$1[illegible]	–	2.8
579p	460p	♦General Host Corp $1	497p	+1	[illegible]	–	3.8
39⅛	18¼	Gillette $1	29⅞	+⅛	[illegible]	–	2.0
987p	601p	Gt American Bank Bk $1	777p	+3	[illegible]	–	1.6
23⅞	16 1/16	Greyhound $1½	21 1/16	+⅛	$1.[illegible]	–	3.9
14½	847p	Hasbro Inc 50c	14¼	+⅛	[illegible]	–	0.7
57½	32¾	Honeywell $1½	52 1/16xd	–⅞	$2.[illegible]	–	2.5
22	15¼	Houston Inds. ‖	21	.....	$2.[illegible]	–	8.9
76 1/16	63 1/16	IBM Corpn $1¼	65⅛xd	–1⅛	$4.[illegible]	–	4.7
60p	45p	♦Image Storage/R Sys.1c	58p	–5	–	–	–
32½	18¼	Ingersoll-Rand $2	29 1/16xd	+⅛	$1.20	–	2.6
33¼	22½	Lockheed Crpn. $1	31xd	+⅛	$1.80	–	3.7
22⅝	13 1/16	Lone Star Inds $1	19¾xd	+⅛	$1.90	–	6.1
27⅞	17½	Louisiana Land 15c	25 13/16	–½	$1.00	–	2.4
20⅞	11½	Lowe's 50c	19¾	+⅝	48c	–	1.5
28	13 7/16	Manuf. Hanover $1	27 1/16	+⅜	$3.28	–	7.6
22½	13 1/16	Merrill Lynch $1	19⅞	+⅞	$1.00	–	3.2
2439p	1910p	Molen Inc	2372p	+14	3.2c	–	–
28½	18⅛	Morgan (JP) $2½	28½xd	+1⅛	$1.66	–	3.7
107⅞	96 7/16	Morris (Philip)	106⅞	+3⅛	$4.50	–	2.7
54½	36⅛	NYNEX $1	58¼	+⅝	$4.36	–	5.4
44p	20p	N'wide Legal Serv.‖	29p	.....	–	–	–
24⅞	18¼	PNH Corp ‖	23⅛	.....	$1.12	–	3.1
259p	179p	♦Pacific Agr.‖	212p	.....	–	–	–
27¼	19	Pacificorp $3¼	25⅛xd	+⅛	$2.76	–	6.5
30¼	16⅞	Pacific Telesis 10c	28¼	.....	$1.88	–	4.2
22¾	15¼	Pall Corp. 25c	22	+⅛	48c	–	1.4
55⅛	39 9/16	Pennzoil 83 1/3c	50⅝xd	+3/16	$3.00	–	3.7
42¼	28⅛	Quaker Oats $5	39¼	+⅛	$1.20	–	1.9
32⅞	21½	Rep NY Corpn $5	29 13/16xd	+⅜	$1.28	–	2.7
16	11 11/16	Rockwell Intl. $1	15 7/16xd	+⅛	78c	–	3.2
29½	22	Sears, Roebuck 75c	27¼	+1	$2.00	–	4.7
35⅝	21⅝	Southwestern Bell $1	35⅛	–½	$2.60	–	4.7
27⅞	17 1/16	Sun Co. Inc. $1	25⅛xd	+⅜	$1.80	–	4.5
31¼	22 13/16	TRW Inc. 62½c	29⅝	+⅛	$1.72	–	3.7
24⅞	14⅛	TW Services $5	23⅞	+1⅛	10c	–	0.3
39 11/16	26¼	Tenneco $5	37 11/16	+⅜	$3.04	–	5.1
35 7/16	28	Texaco $6.25	32⅛xd	+½	$3.00	–	5.9
28 13/16	21⅝	Texas Instr. $1	24¼xd	+¼	72c	–	1.9
117 7/16	58⅝	Time Inc. $1	87¼	+1⅛	$1.00	–	0.7
19⅛	15 1/16	TRINOVA Corp.	17¼	.....	s68c	–	2.4
24¼	16	USX $1	22 11/16xd	+1⅛	$1.40	–	3.9
260p	126p	♦Unilab	248p	.....	–	–	–
36⅝	12⅛	Utd. Technologies	35⅛xd	+½	$1.60	–	2.9
158p	128p	♦Utilitech Inc	146p	.....	–	–	–
46½	31½	US West‖	44½	+⅛	$3.76	–	5.3
40½	22⅝	Waste Management $1	40⅛xd	+⅜	60c	–	0.9
20½	13½	Whirlpool $1	18⅞	+⅛	$1.1[illegible]	–	3.8
24⅛	16 1/16	Whitman Corp	19⅞	–⅛	$1.[illegible]	–	3.3
46⅝	28⅛	♦Woolworth $3½	41¼	+⅝	$1.[illegible]	–	2.8

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
178p	129p	♦ABM Gold Corp ‖	165p	.....	Q11c	♦	5.7
26p	4½p	♦Abbot Energy Corp	24½p	.....	–	–	–
16½	902p	♦Amer Barrick Res.	15¼	.....	–	–	–
28p	10½p	♦Armeno	15p	+1½	–	–	–
33½p	8½p	♦Augmitto Expln.	12½p	+½	–	–	–
18⅛	12⅞	Bk. Montreal ‖	16⅝	.....	$2.12	–	6.9
10⅞	655p	Bk. Nova Scot.‖	933pxd	+17	92c	–	5.4
821p	599p	♦BC Gas $1	787p	+3	60c	–	4.1
22⅞	17	BCE ‖	22¼	+¼	$2.44	–	6.0
17	12⅛	♦Brascan‖	13¼	+¼	88c	–	3.0
228p	114p	♦Breakwater Res.	114p	–7	10c	–	4.8
17¼	11¼	Can.Imp Bank‖	16¼	+¼	$1.24	–	4.2
588p	374p	Central Capital "A" ‖	536p	+9	–	–	–

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INSURANCES

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Commercial Vehicles

Components

Garages and Distributors

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PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES — Contd

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

1989 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
45	35	♦Ayer Hitam SM1	48	......	♦Q53.3c	0.7	‡
75	38	Gopeng Berhad M$0.50	75	......	†Q10c	2.0	3.2
84	47	Malaysia Mng. 10c	74xd	+2	Q5c	4.0	1.6
180	120	Petaling SM1	160	......	Q87c	1.0	13.1
150	90	Sungei Besi SM1	125	......	Q70c	1.4	13.4
90	90	Tanjong 15p	90	......	–	–	–

Miscellaneous

THIRD MARKET

1989 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	77	ASB Barnett 2p	97	......	1.0	4.8	1.4	19.2
[illegible]	11	Americonn Energy 10p	12	......	–	–	–	–
[illegible]	65	Andaman Res. 10p	80	−1	–	–	–	–
[illegible]	58	Associated Farmers	91	......	–	–	–	40.2
[illegible]	0½	Barbican Hldgs. 1p	1¼	......	–	–	–	–
[illegible]	176	Broadcast Comms	320	......	♦	–	–	37.5
[illegible]	12½	Burmin Exploration	12½	......	–	–	–	–
[illegible]	17	Caldwell Invs. 10p	28	......	–	–	–	12.2
[illegible]	10	Caspen Oil 10p	12½xr	−½	–	–	–	♦
[illegible]	61	Chelsea Artisans 5p	95	......	1.0	–	1.4	–
[illegible]	30	ChemEx Intl	40	......	–	–	–	–
[illegible]	105	Crown Eyeglass 5p	117	+2	–	–	–	26.0
155	101	Cupid 10p	136	......	2.2	[illegible]	[illegible]	9.8
33	25	Dana Expl	25	−1	–	–	–	–
23½	15	Edencorp Leisure 5p	21	+4½	–	–	–	29.2
74	52	Edinburgh Nth. 2p	52	......	–	–	–	–
113	60	Eglinton Expln. Ir 50p	88	+1	–	–	–	–
30	2	Do. Wrnts	19	......	–	–	–	–
65	26	Far East Res. 10p	28	+2	–	–	–	–
48	23	Feltrim Min. Ir0.20	45	......	♦	–	–	–
330	135	Haemocell 1p	265	−2	–	–	–	–
100	76	Hiliclare 5p	100	......	–	–	–	♦
*32	21	Honorbilt Group 5p	22½	......	–	–	–	♦
120	70	Hoskins Brewery 50p	95	......	–	–	–	♦
23	12	Intl. Comm & Data 5p	21	−1	–	–	–	–
41	12	Ivernia West	35	+1	–	–	–	–
104	58½	Kells Mins. Ir5p	98	......	–	–	–	–
53	31	Kemp (P.E.) 5p	43	......	1.5	♦	4.7	♦
22	17	Kromagraphic 1p	17	−1	–	–	–	♦
105	93	LGW 5p	93	−3	2.0	3.6	2.9	13.0
96	73	Leading Leisure 5p	73	−3	†2.0	3.0	3.7	11.7
*25	3	Lynx Group 5p	7½	+½	–	–	–	1.3
*530	353½	M.L. Labs. 1p	470	......	–	–	–	–
50	37	Malaya Group 10p	46	......	L2.0	3.4	5.8	6.7
251	96	Medirace 10p	165	......	–	–	–	–
9	5	Moray Firth 1p	8	......	–	–	–	–
90	24	Ovoca Gold IR 2p	68	......	–	–	–	–
25	10	Pennant Grp. 2p	10	......	0.2	–	2.7	–
105	35	Pennine Optical 2½p	75	+2	–	–	–	16.0
106	20	Poddington 5p	63	−3	–	–	–	–
*73	55	Rentaminster 5p	58	......	a1.85	♦	4.2	♦
220	175	Royal Sovereign 10p	209xd	......	†5.5	3.2	3.6	11.4
21½	11	Scott Pickford 10p	13	......	d0.38	3.8	3.8	8.7
160	95	Seacon Hldgs	144	......	†2.5	6.1	2.3	9.0
39	29	Sleepy Kids 5p	33	......	–	–	–	–
*17½	5½	Staks Hldgs. 5p	7xr	......	–	–	–	13.0
*3¼	1¼	Swanyard Studios 1p	1¼	......	–	–	–	8.4
11	5½	Systems Connection 2½p	5½	......	–	–	–	7.2
50	37	Tavern Leis. 20p	42	......	–	–	–	–
115	28	Tomorrows Leisure 20p	95	−3	–	–	–	47.3
19	11	Tullow Oil 10p	18	+1	–	–	–	–
123	75	UPL Group 10p	75	......	2.75	1.9	4.9	14.2
150	135	Unit Group	145	......	3.0	3.3	4.6	8.2
100	66	Video Magic Leis. 1p	91	−2	W2.0	0.7	2.9	73.0
14	5	Vista Ents 5p	8	−¼	–	–	–	–
40	32	Vizcaya Hldgs 5p	32	......	–	–	–	–
46½	23	Whitegate Leisure 20p	41	......	–	–	–	–
32½	10	Do. Wrnts	28	......	–	–	–	–
10¼	5	Wilton Group 1p	4¼	......	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- "Tap Stock"
- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Not officially listed.
- Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress
- Not comparable
- Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- No par value

B.Fr. Belgian Francs. Fr. French Francs ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	......
Craig & Rose £1	830	......
Finlay Pkg. 5p	80xd	......
Holt (Jos) 25p	1340	−5

Arnotts	420	......
Carrol (P.J.)	153	+1
Hall (R. & H.)	179	−1
Helton Hldgs	92	......

IRISH

Cap. 8¾% Ln. 1991	£97¼	......
9pc Cap Ln. 1996	£98¾	+¼
Fin. 13% 97/02	£118	......

For Irish Ropes see IRG

IRG	210xd	......
United Drug	140	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	38
Amstrad	11
BAT	80
BOC Grp	42
BSR	4½
BTR	32
Barclays	42
Blue Circle	24
Boots	25
Bowaters	44
Brit Aerospace	52
British Steel	7½
Brit. Telecom	21
Burton Ord	18
Cadburys	46
Charter Cons	48
Comm Union	32
Courtaulds	30
FKI	14
FNFC	22
Gen Accident	85
GEC	20
Glaxo	118
Grand Met	48
GUS 'A'	90
Guardian	18
GKN	34
Hanson	16
Hawker Sidd	60
ICI	108
Jaguar	28
Ladbroke	28
Legal & Gen	26
Lex Service	33
Lloyds Bank	29
Lucas Inds	58
Marks & Spencer	15
Midland Bk	30
Morgan Grenfell	24
Nat West Bk	25
P & O Dfd	55
Plessey	22
Polly Peck	26
Racal Elect	20
RHM	42
Rank Org Ord	80
Reed Intnl	34
STC	32
Sears	10
Smithkline Bchm. A	50
TI	38
TSB	10
Tesco	14
Thorn EMI	58
Trust Houses	24
T&N	18
Unilever	46
Vickers	18
Wellcome	42

Property

Brit Land	32
Land Securities	52
MEPC	50
Randsworth	28

Oils

Brit Petroleum	21
Burmah Oil	50
Calor	35
Charterhall	2½
Premier	9
Shell	32
Ultramar	26

Mines

Cons Gold	150
Lonrho	34
RTZ	40

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Strong D-Mark hits sterling

DEMAND FOR the D-Mark increased ahead of today's West German Bundesbank council meeting. Expectations of a rise in German interest rates pushed the D-Mark higher, putting particular pressure on sterling, with the dollar and yen also losing ground.

The pound required sustained support from the Bank of England and it closed well below a strong technical support point of DM3.0225. Attention is focused on sterling's value against the D-Mark, with the market paying little attention to the fact that the UK currency is holding up against the dollar.

The decline of the dollar since the middle of September, and particularly since the Group of Seven meeting towards the end of that month, has allowed the pound to gain about 6 cents, but over the same period sterling has lost about the same number of pfennigs.

Bank of England intervention was seen in London and earlier in the Far East. It was described by dealers as being aggressive, involving sales of dollars and Ecus, but in a market looking to buy D-Marks this support proved only partially successful. The Bank of Japan was also reported to have bought sterling for dollars in Tokyo.

At the London close sterling had fallen to DM3.0125 from DM3.0275, leading fears that a test of DM3.00 is likely, and that at this level the UK authorities will be reluctantly forced by raise base rates.

The rate against the D-Mark was not the only strong support point to be broken yesterday. The pound also fell through support at 91.1 on its exchange rate index, as calculated hy the Bank of England. The index declined to 90.9 from 91.2, with the next snpport level seen at 90.1.

In terms of other major currencies sterling also lost ground, but the larger movements were confined to units tied to the D-Mark through the European Monetary System, with the rate against the French franc falling to FFr10.2200 from FFr10.2750. The situation was very nervous, but sterling lost only 10 points to $1.6045, while falling to Y226.25 from Y226.75 and to SFr2.6100 from SFr2.6250.

The threat of higher German rates also weakened the yen against the D-Mark. The German currency rose to Y75.13 from Y74.87. Apart from some support for the pound Bank of Japan, intervention appeared to be confined to huying the yen against the dollar.

The Bank of Japan is unlikely to be forced into an early discount rate rise. Short term rates fell in Tokyo yesterday, hut longer rates were firm.

The dollar traded relatively quietly, with attention turned towards cross rates against the D-Mark. The US currency had a slightly softer tone, falling to DM1.8775 from DM1.8860; to Y141.05 from Y141.20; to SFr1.6270 from SFr1.6350; and to FFr6.3700 from FFr6.4000. On Bank of England figures the dollar's index was unchanged at 69.9.

£ IN NEW YORK

Oct.4	Latest	Previous Close
£ Spot	1.6030-1.6040	1.6040-1.6050
1 month	0.68-0.67pm	0.74-0.72pm
3 months	2.03-2.00pm	2.13-2.10pm
12 months	7.38-7.28pm	7.55-7.45pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]	[illegible]	[illegible]
Malaysia	4.3175-4.3285	2.6920-2.6940
Mexico	4152.75-4170.10	2589.00-2599.00
N. Zealand	2.7685-2.7745	1.7240-1.7270
Saudi Ar.	6.0450-6.0495	3.7500-3.7510
Singapore	3.1500-3.1555	1.9660-1.9680
S. Af (Cm)	4.3055-4.3165	2.6830-2.6860
S. Af (Fn)	6.1995-6.7305	3.8685-3.9445
Taiwan	40.95-41.05	25.50-25.55
U.A.E.	5.9195-5.9235	3.6720-3.6730

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct.4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.3126	+2.01	+1.15	±1.5424
Danish Krone	7.85212	8.03436	+2.32	+1.46	±1.6419
German D-Mark	2.05853	2.06108	+0.12	-0.74	±1.1019
French Franc	6.90403	6.99328	+1.29	+0.43	±1.3719
Dutch Guilder	2.31943	2.32794	+0.37	-0.49	±1.5019
Irish Punt	0.768411	0.774082	+0.74	-0.12	±1.6689
Italian Lira	1483.58	1508.26	+1.66	+1.37	±4.0815
Spanish Peseta	133.804	131.003	-2.09	-1.94	-

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Oct.4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6005-1.6140	1.6040-1.6050	0.75-0.72cpm	5.50	2.21-2.18pm	5.47
Canada	1.8825-1.8965	1.8845-1.8855	0.40-0.31cpm	2.26	1.19-1.07pm	2.40
Netherlands	3.39½-3.42	3.39¾-3.40¾	2-1⅞cpm	6.83	5⅝-5⅜pm	6.47
Belgium	63.15-63.75	63.35-63.45	38-29cpm	6.34	87-76pm	5.14
[illegible]						

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]						
S Fr.	0.383	0.615	1.154	86.70	3.916	[illegible]
H Fl.	0.294	0.472	0.885	66.50	3.003	[illegible]
Lira	0.454	0.728	1.366	102.6	4.635	[illegible]
C $	0.591	0.851	1.598	120.1	5.422	[illegible]
B Fr.	1.577	2.532	4.752	356.9	16.12	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6045	1.5972	1.5826	1.5625	1.5278

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	1.5870	1.5908	1.5852	1.5866
Mar	1.5692	1.5696	1.5646	1.5660
Jun	-	1.5524	1.5460	1.5486

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 66,912

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Rates nudge higher

CALL MONEY in Frankfurt nudged up to 7.50 from 7.40 per cent, with bids touching 7.75 per cent, as the market anticipated an upward move in official interest rates at today's Bundesbank council meeting.

Expectations of a rise in the discount and Lombard rates increased after banks bid 7.40 to 7.75 per cent for 29-day money and 7.55 to 7.80 per cent for 58-day funds at this week's securities repurchase agreement tender held by the Bundesbank. Dealers said that rates at the tender did not show conclusively by how much, or even whether, official rates will be increased today, hut sentiment pointed towards a full point rise.

UK clearing bank base lending rate
14 per cent
from May 24

Speculation about higher rates has led to heavy use of the 7.00 per cent Lombard emergency borrowing facility. Banks borrowed an exceptionally high DM30.2bn in Lombard money on Tuesday. This is probably the reason why the Bundeshank allocated only DM18bn at the securities repurchase tender, compared with expiring pacts totalling DM26.8bn.

The fact that the central bank did not fully replace the expiring agreements may not, therefore, be a sign of tightening and is not necessarily a firm indication that official rates will rise today. On the other hand, it must be questionable how long the Bundesbank is prepared to let banks round trip by drawing down funds under their Lombard facility to relend on the open market.

In London interest rates rose nervously, on fears that higher German rates will force an increase in UK bank hase rates. Three-month sterling interbank firmed to 14¾-14$\frac{11}{16}$ from 14⅝-14½ per cent. The decline of sterling so far this week has increased fears that even a rise of ½ point in German rates could force higher base rates.

Day-to-day credit conditions remained comfortable. The Bank of England forecast a flat credit position and did not operate in the money market. Bills maturing in official hands drained £157m, with a rise in the note circulation absorbing £95m and bank balances below target £10m. These factors were roughly balanced by Exchequer transactions adding £255m to liquidity.

On Liffe short sterling fell on the higher than expected rates paid at the Bundesbank's tender. The December contract tonched a low of 85.47 and closed at 85.50, compared with 85.65 on Tuesday.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

	%		%		%
ABN Bank	14	Clydesdale Bank	14	NatWestminster	14
Adam & Company	14	Comm. Bk.N.East	14	Northern Bank Ltd	14
Allied Trust Bank	14	Co-operative Bank	*14	Norwich Gen. Trust	14
Allied Irish Bank	14	Coutts & Co	14	PRIVATbanken Limited	14
● Henry Ansbacher	14	Cyprus Popular Bk	14	Provincial Bank PLC	15
Associates Cap Corp	14	Dunbar Bank PLC	14	R. Raphael & Sons	14
Authority Bank	14	Duncan Lawrie	14	Roxburghe G'rantee	14½
● B & C Merchant Bank	14	Equatorial Bank plc	14	Royal Bk of Scotland	14
Bank of Baroda	14	Exeter Trust Ltd	14½	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	Financial & Gen. Bank	14	● Smith & Williams Secs.	14
Bank Hapoalim	14	First National Bank Plc.	15½	Standard Chartered	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	TSB	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	United Bk of Kuwait	14
Bank of Ireland	14	Girobank	14	United Mizrahi Bank	14
Bank of India	14	● Guinness Mahon	14	Unity Trust Bank Plc	14
Bank of Scotland	14	HFC Bank plc	14	Western Trust	14
Banque Belge Ltd	14	● Hambros Bank	14	Westpac Bank Corp.	14
Barclays Bank	14	Hampshire Trust Plc	14½	Whiteaway Laidlaw	14
Benchmark Bank PLC	14	Heritable & Gen Inv Bk	14	Yorkshire Bank	14
Brit Bk of Mid East	14	● Hill Samuel	§14		
● Brown Shipley	14	C. Hoare & Co.	14		
Business Mtge Bank	14½	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bk	14		
		Midland Bank	14		
		Mount Banking	14		
		Nat Bk. of Kuwait	14		

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GRANVILLE

SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	295	Ass. Brit. Ind. Ordinary	342	-1	10.3	3.0	9.2
38	28	Armitage and Rhodes	30	0	-	-	-
210	149	Bardon Group (SE)	189	-1	4.3	2.3	18.3
125	105	Bardon Group Cv. Pref. (SE)	118xd	0	6.7	3.7	-
123	85	Bray Technologies	85	0	5.9	6.9	7.5
110	105	Bremhill Conv. Pref	105	0	11.0	10.5	-
104	100	Bremhill 8¼ % New C.C.R.P	104	0	11.0	10.6	-
305	285	CCL Group Ordinary	288	0	14.7	5.1	3.6
176	160	CCL Group 11% Conv.Pref	160	0	14.7	8.8	-
225	140	Carbo Plc (SE)	225	0	7.6	3.4	13.2
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	3.125	Magnet Gp Non-Voting A Cnv*	3.75	0	-	-	-
5	1.375	Magnet Gp Non-Voting B Cnv*	1.625	0	-	-	-
130	119	Isis Group	128	0	8.0	6.3	7.3
145	58	Jackson Group (SE)	119	0	3.6	3.0	13.8
322	261	Multihouse NV (AmstSE)	300	0	-	-	-
158	98	Robert Jenkins	158	0	10.0	6.3	5.7
467	365	Scruttons	372xd	+2	18.7	5.0	9.9
298	270	Torday & Carlisle	298	0	9.3	3.1	10.4
117	100	Torday & Carlisle Cnv Pref	110	0	10.7	9.7	-
122	92	Trevian Holdings (USM)	103	0	2.7	2.7	11.1
146	106	Unistrut Europe Conv Pref	146xd	+2	9.3	6.4	-
395	355	Veterinary Drug Co. Ltd	380	0	22.0	5.8	9.4
370	327	W.S Yeates	330	0	16.2	4.9	27.5

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The ISE. Other securities listed above are dealt in subject to the rules of TSA
These securities are dealt in strictly on a matched bargain basis. Neither Granville & Co. Limited nor Granville Davies Limited are market makers in these securities.
* These securities are dealt on a restricted basis. Further details available.

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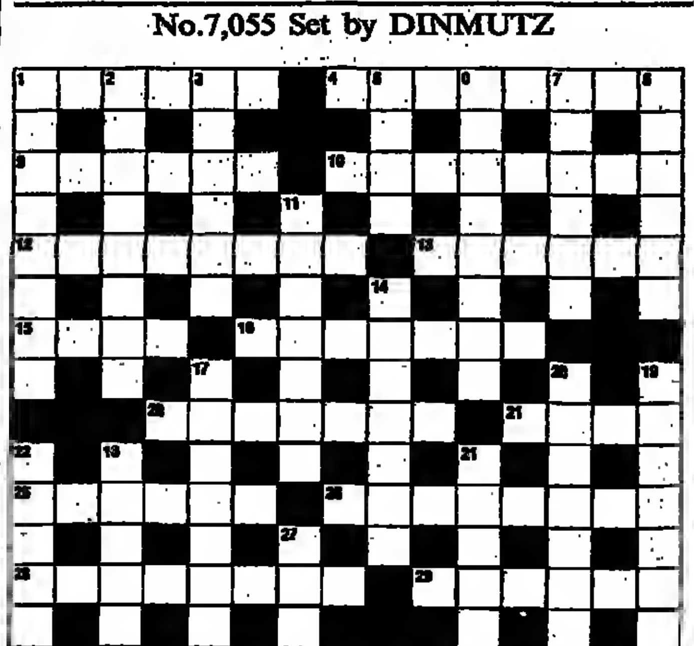
	FTSE 100	WALL STREET
	Oct. 2315/2325 -14	Oct. 2760/2772 +1
	Dec. 2338/2348 -17	Dec. 2778/2790 +1

Prices taken at 5pm and change is from previous close at 9pm

JOTTER PAD

CROSSWORD

No.7,055 Set by DINMUTZ



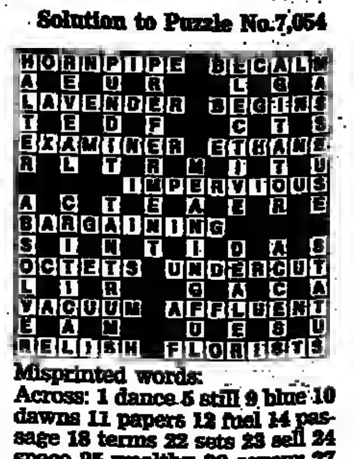
ACROSS

1 Extras are bothersome within (6)
4 Records of principal American composer (8)
9 Early invaders in corners (6)
10 Suspicion of corrosion after condensation (8)
12 This flower needs improved drainage (8)
13 Condition right of ancient Greek coin (6)
15 Wild pear harvest (4)
16 Prohibit ruler from making statements, for example (7)
20 Father's hat I better about (7)
21 Trip to ancient city (4)
25 Informal conquerors of foreign fields (6)
26 How delightful – tea with best china! (8)
28 Vehicle of Manpower Services? (8)
29 Bony plate displayed by beast on its back (6)
30 Lines confessing he is a poet (8)
31 Attractive bar in which Bunter appeared? (6)

DOWN

1 Building for growing fruit in Ohio mountain-railway (8)
2 Not the quickest way to Scotland, going by air (4-4)
3 Smoking-jacket? (6)
5 More than one real find in Treasure Island (4)
6 Position for bowler taken off? (3-5)
7 Cellars for Graves, perhaps (6)
8 Send up topless waiters as a novelty (6)
11 Strange dialect of Dover, for example (7)
14 Slight sailing-vessel in extremely stormy surroundings (7)
17 Sad piano arrangement makes organ stop (8)
18 Party favourite in government (8)
19 Redolent of far-off Bounty, say? (8)
22 Beetle makes mark on sailor (6)
23 A cough-mixture up in Argentina (6)
24 Mistakes that may increase the volume? (6)
27 Pop taken on board? (4)

Solution to Puzzle No.7,054



Misprinted words:
Across: 1 dance 5 still 9 blue 10 dawns 11 papers 12 fuel 14 passage 18 terms 22 sets 23 sell 24 space 25 wealthy 26 savour 27 flower
Down: 1 rope 2 let 3 expert 4 rise 6 open 7 stirrer 8 massage 13 valid 15 free 16 turning 17 fits 18 seller 20 way 21 grade

WORLD STOCK MARKETS

CANADA

TORONTO

Closing prices October 3

Quotations in cents unless marked $.

MONTREAL

Closing prices October 3

Total Sales 7,118,800 shares.

INDICES

NEW YORK

DOW JONES	Oct 3	Oct 2	Sep 29	Sep 28	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2754.56	2713.72	2692.82	2694.91	2754.56 (3/10)	2144.64 (3/1)	2754.56 (3/10/89)	41.22 (2/7/32)
Home Bonds	92.45	92.36	92.43	92.45	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1459.28	1455.19	1449.86	1438.12	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	217.56	216.49	216.17	216.55	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's high 2765.96 (2724.16) Low 2708.97 (2677.05)

STANDARD AND POOR'S

	Oct 3	Oct 2	Sep 29	Sep 28	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	354.71	350.87	349.15	348.60	354.71 (3/10)	275.31 (3/1)	354.71 (3/10/89)	4.40 (1/6/32)
Industrials	404.67	400.05	397.95	397.83	405.27 (1/9)	318.66 (3/01)	405.27 (1/9/89)	3.62 (21/6/32)
Financial	35.00	34.45	34.20	33.85	35.00 (3/10)	24.30 (3/1)	35.00 (3/10/89)	8.64 (1/10/74)
NYSE Composite	196.84	194.90	193.97	193.55	196.84 (3/10)	154.98 (3/1)	196.84 (3/10/89)	4.46 (25/4/42)
Amex Mkt. Value	393.02	389.66	388.76	385.75	393.02 (3/10)	305.24 (3/1)	393.02 (3/10/89)	29.31 (9/12/72)
NASDAQ Composite	477.28	475.19	472.92	471.14	477.28 (3/10)	378.56 (3/1)	477.28 (3/10/89)	54.87 (31/10/72)

	Sep 29	Sep 22	Sep 15	year ago (approx.)
Dow Industrial Div. Yield	3.74	3.75	3.76	3.70

	Sep 27	Sep 20	Sep 13	year ago (approx.)
S & P Industrial div. yield	2.90	2.87	2.89	3.19
S & P Indl. P/E ratio	14.42	14.49	14.46	13.03

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
USX	5,268,400	36¼	+ 1⅞
IBM	2,949,800	106	− 2⅝
General Electric	2,361,700	58½	+ ⅞
American Exp	2,010,900	38⅝	+ 2¼
Har Brs Jo	1,955,800	9⅞	− ⅛
AT&T	1,752,400	45	+ ⅛
Bristol Myers	1,743,200	53⅝	+ 1
Amr corp	1,593,400	83⅞	− 1⅛
McDonald's	1,586,200	30½	+ ⅛
SmithKline	1,420,400	40⅛	+ ⅞

TRADING ACTIVITY

† Volume Millions	Oct 3	Oct 2	Sep 29
New York	182,550	127,410	155,300
Amex	14,235	12,989	14,116
NASDAQ	151,197	108,949	136,376
Issues Traded	1,974	1,955	1,955
Rises	995	853	892
Falls	511	593	560
Unchanged	468	509	503
New Highs	151	88	101
New Lows	23	11	24

CANADA TORONTO

	Oct 3	Oct 2	Sep 29	Sep 28	1989 HIGH	1989 LOW
Metals & Minerals	3797.8	3718.5	3689.4	3711.3	3919.2 (1/9)	3207.5 (3/1)
Composite	4011.9	3972.8	3942.9	3941.1	4019.7 (10/8)	3350.5 (6/1)
MONTREAL Portfolio	2047.05	2022.7	2004.82	2002.12	2053.80 (1/9)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Oct. 4	Oct. 3	Oct. 2	Sep. 29	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1775.6	1772.1	1743.4	1735.7	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	867.0	863.3	845.8	841.8	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	494.71	494.78	478.42	473.09	494.71 (4/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6665.28	6619.55	6650.40	6738.08	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	331.54	328.52	328.13	329.54	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	683.4	684.7	695.4	697.0	815.8 (18/4)	674.8 (27/9)
FRANCE						
CAC General (31/12/82)	550.1	542.9	546.8	557.3	557.3 (29/9)	417.9 (4/1)
Ind. Tendance (30/12/88)	125.7	124.9	123.7	125.5	126.6 (25/9)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	678.89	672.13	664.72	662.24	685.92 (8/9)	536.78 (27/2)
Commerzbank (1/12/53)	2028.9	2008.1	1986.0	1976.5	2052.1 (8/9)	1595.7 (27/2)
DAX (30/12/87)	1613.27	1602.40	1577.80	1574.37	1657.61 (8/9)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2794.39	2786.65	2746.70	2758.25	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1778.54	1773.50	1750.01	1759.12	1848.93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	699.04	697.43	701.28	707.67	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35382.80	35366.37	35622.97	35636.76	35689.98 (28/9)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2679.40	2688.80	2703.58	2702.22	2703.58 (2/10)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	268.2	266.7	263.3	265.2	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	206.2	205.1	202.5	203.9	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	687.52	684.13	685.97	689.13	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1121.83	1114.74	1126.48	1145.90	1217.44 (10/8)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1408.26	1388.32	1375.25	1375.18	1420.52 (13/9)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1610.0§	1620.0	1647.0	1664.0	1710.0 (27/9)	1291.0 (15/2)
JSE Industrial (28/9/78)	2724.0§	2724.0	2729.0	2741.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA						
Korea Comp Ex. (4/1/80)	929.28	(c)	942.41	943.44	1007.80 (3/4)	846.30 (1/7)
SPAIN						
Madrid SE (30/12/85)	324.62	324.87	325.80	325.50	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4283.7	4337.3	4335.3	4341.2	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	799.3	790.5	786.6	795.3	829.1 (6/9)	613.1 (3/1)
TAIWAN **						
Weighted Price (30/6/66)	9669.94	10043.96	9911.15	10364.84	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	680.63	668.82	681.53	689.51	724.93 (13/9)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	548.2	549.1	549.4	551.2 (3/8)	487.6 (13/6)

**Saturday Sept. 30: Taiwan Weighted price: 10180.84

§ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday October 4 1989

	Stocks Traded	Closing Prices	Change on day
Toshiba	15.1m	1,140	-50
Nippon Steel	13.6m	755	-18
Nippon Seiko	13.0m	1,280	+80
Tonen	12.4m	848	+13
Shinko Elctrc	10.9m	1,190	+50
Pioneer	9.0m	5,750	+100
Naigai	8.9m	1,490	+90
IHI	8.4m	1,140	-10
MHI	7.7m	1,110	-20
Showa Line	7.5m	1,120†	+80

2pm prices October 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A–A–A –								
37⅞	21⅛	AAR	.44	1.2	23	882	37	36½	36⅞	+ ½
9⅞	8⅝	ACM s	1.01	11.		216	9⅛	9¼	9⅛	
11⅝	10¼	ACMIn	1.26a	11.		343	11½	11⅜	11½	
16⅜	9	ACM M	s1.01	11.		243	9⅛	9	9⅛	
11½	10	ACM Sc	1.26	11.		369	11⅛	11⅛	11⅛	
9⅜	6⅞	ACMSp	1.01	11.		185	9	6⅞	9	
16	11½	AL Lab	.12	.7	16	12	16½	10¼	16⅞	
4⅜	3⅜	AMCA	.12e	3.2	25	1	9⅛	6⅛	3⅜	
6½	4½	AM Intl			12	628	5⅛	5½	5⅝	– ⅛
23½	20⅞	AM In pf	2	9.0		6	22⅛	22¼	22⅛	+ ⅛
80	46½	AMR			9	9380	84½	82¼	83¼	– ½
24⅞	23¼	ANR pf	2.12	8.7		277	24½	24½	24½	+ ⅛
7⅜	3⅝	ARX				46	4⅛	4	4	– ⅛
46⅞	27¼	ASA	3a	6.7		236	45⅛	44⅞	44⅞	– ⅜
30¼	15¼	AVX	.24	.8	10	4187	29¼	28½	28½	– ¼
66	44⅜	AbtLab	1.40	2.1	18	2776	66	65⅛	66	+1
10¼	13⅛	Abitibi g	1			27	14⅝	14½	14⅝	
13	7½	AcmeC	.40	3.6		38	11	10⅞	11	
3⅛	6⅞	AcmeE	.32	3.6	11	1	9	9	9	– ⅛
37¼	20⅛	Acuson			27	472	u37⅛	36⅛	37⅜	+ ⅛
17	14¼	AdaEx	1.82e	11.		160	16⅛	16½	16⅜	+ ⅛
18⅛	6½	Adobe				53	12⅛	12¼	12⅜	– ⅛
10⅜	16½	Adob pf	1.84	9.7		1	19	19	19	
10½	7⅛	AMD				625	8⅝	8⅜	8⅝	– ⅛
35	29⅛	AMD pf	3	9.7		4	30⅞	30⅞	30⅞	+ ⅜

Continued on Page 43

OVER-THE-COUNTER

Nasdaq national market, 2pm prices October 4

AMEX COMPOSITE PRICES

2pm prices October 4

AMERICA

Strong gains produce second record in a row

Wall Street

FOLLOW-THROUGH buying by investors who missed Tuesday's move to record highs ensured gains for leading equity indices by midsession yesterday, but heavy volume suggested that there was also some profit-taking, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average stood 18.24 higher at 2,772.80, another *all-time high.* Volume on the New York Stock Exchange was an active 125m shares by midsession.

The sharp rally *on Tuesday* took many analysts by surprise. Although the buying was concentrsted in blne chip, *recession-resistant stocks* – and notably bypassed technology issues – they judged it to be an impressive performance.

The surge to *all-time highs,* and not just on the narrow Dow Jones Industrial Average, has come in spite of worries that *third-quarter* earnings *will* be disappointing, fears of recession and turmoil in the junk bond market.

The question now is whether this year's impressive rally can go much further. Opinion is clearly divided according to whether people think there will be recession or not.

Those who believe the Federal Reserve will be able to extend the economic expansion at a slower, less inflationary pace believe that cyclical *stocks, which have underperformed* non-cyclicals because of fears of recession, represent good value.

Others fear that non-cyclicals, such as Philip Morris, will not make much more headway, and cyclicals could do even less well as the economy dips into recession.

For the time being, as this perennial economic debate continues, there seems to be a sense of overall optimism about this market, although institutional buying has become more selective.

Technology issues, which took a beating on Tuesday as *consumer stocks surged,* yesterday recovered some ground. IBM, which fell on Tuesday to within a few dollars of its low of October 19, 1987, rebounded by $1½ to $107¼. Digital *Equipment added $1 to* $89⅝ and Motorola $1 to $57⅞.

Sun Microsystems added $2⅝ to $17⅜ after the company said that it expected a small operating profit in the latest quarter.

Among other blue chips, Philip Morris fell $1 to $170⅞ after its gain of more than $5 on Tuesday, Procter & Gamble continued to do well, adding $1¼ to $125⅝, and Coca-Cola dipped $⅜ to $69⅞. Boeing, which rose strongly on Tuesday on analysts' expectations that its machinists nnion would not walk out, fell $⅞ to $58⅞ as the union voted to *strike.*

Federal National Mortgage Association rose $2⅝ to $134¾ after its chairman told Euro*pean investors that Fannie* Mae expected 1989 net income easily to surpass its 1988 earnings.

Esselte Business Systems surged $4¼ to $42¾ after its parent company, Esselte AB of Sweden, said it had begun discussions on acquiring the shares it does not already own for about $40 a share.

Canada

THE RALLY in Toronto continued at midsession, inspired by evidence that the economy is growing slowly and inflation is low. The composite index *rose 13.6 to* 4,025.5 *on volume* of 16.5m shares.

Connaught Biosciences fell C$2 to C$36 after a bid from Ciba-Geigy of Switzerland and Chiron of the US was dropped. Another offer from Institut Merieux of France at C$37 a share stands, although a lawsuit against foreign ownership of the company is being brought.

SOUTH AFRICA

GOLD shares finished mixed in Johannesburg as the bullion *price remained fairly static.* Turnover was light.

EUROPE

Buyers undeterred by wait for Bundesbank decision

ALTHOUGH a rise in West German interest rates looked increasingly likely, there were some healthy gains in Europe, *writes Our Markets Staff.*

FRANKFURT simmered away as the Bundesbank's "repo" tender took DM8bn out of money market liquidity. It accepted tenders for DM18bn, against DM26bn expiring, at rates raised about half a percentage point to between 7.4 and 7.8 per cent.

Mr John Whitehead, strategist at Robert Fleming, said the combination of lower liquidity and higher rates would be consistent with a rise of half a percentage point in key discount and Lombard rates when the Bundesbank has its much-awaited, fortnightly meeting today.

Flemings did not think a simple rise in key rates would present the most bullish scenario for the market. What they would favour would be a concerted cut in US rates, and a change in the structure of the German Lombard rate.

Share prices rose again yesterday, *the FAZ* putting on 6.76 to 678.89; but the DAX indicated an afternoon slowdown with a net rise of 10.87 to 1,613.27 in healthy turnover of DM5.3bn, after an intra-day high of 1,619.71.

Preussag, the energy, metals and commodities group, fell DM7.50 to DM301.50, its third consecutive fall this week and a 10 per cent loss since last Friday, following the announcement of plans to take over Salzgitter, the state-owned steelmaker.

AMSTERDAM had a second strong day, as buyers continued to focus on Philips and the insurance sector. One analyst said investors in the Netherlands had started to think there might not be a rise in German rates after all, and that in any case the Dutch central bank might not follow suit.

Philips briefly breached Fl 50, which is seen as a psychological thresbold, but it edged back to end 60 cents higher at Fl 49.80. Enthusiasm for the stock, which had been a market laggard, has grown strongly over the past month. "A lot of investors thonght that if they didn't pick it up they might miss the rally," said the analyst.

Among insurers, Aegon climbed Fl 1.50 to Fl 114.80 and Amev was np 50 cents at Fl 55.70. They have been helped by the insurance mergers elsewhere in Europe and by a turnround in the US accident and health insurance market, where the companies have significant business.

The CBS tendency index gained 0.8 to 196.9 and turnover was put at over Fl 900m, the highest this week.

PARIS continued to focus on special situations and ended mixed, and off its highs, with volume estimated at over FFr2bn and the session *described as "unexciting."*

Eurotunnel saw another FFr5.70 shaved off to end at FFr57.80, a fall of 21 per cent this week.

There was a lot of activity in banks, with Crédit Foncier de France rising FFr79 to FFr1,200 on a hefty 71,000 shares traded, as its property assets drew attention. Société Générale rose FFr14 to FFr526 before reporting a 21 per cent increase in interim profits.

The OMF 50 index closed just 0.13 lower at 526.40 and the opening CAC General index was up 7.2 at 550.1.

MILAN ended a streak of three negative sessions with some light buying of selected blue chips. Fiat rose L115 to L11,720, Montedison L15 to L2,300 and Pirelli Spa L28 to L3,570. Olivetti fell L240 to L8,620 against the trend.

The Comit index rose 1.61 to 699.04 but the underlying tone *of the market* remained weak, with selling pressure in the banking and insurance sectors.

ZURICH saw high turnover in selected blue chips and the market closed higher across the board in moderate trading. The Crédit Suisse index rose 6.6 to 647.2. Dealers said the Swiss discount rate could be raised if the Bundesbank raises key interest rates today.

STOCKHOLM responded to the overnight surge on Wall Street with a *sharp rise* in fairly active trading. The Affärsvärlden General index rose 9.4, or 0.7 per cent, to 1,291.6.

COPENHAGEN was again pushed higher by insurance and banking *stocks, with Hafnia* Holding jumping DKr18 to DKr428 after reporting results on Tuesday.

BRUSSELS regained some ground as the cash market index rose 45.78 to 6,665.28, after interest rate fears had pushed shares down earlier in the week.

VIENNA continued to rally, with the bourse index up 11.32, or 2.2 per cent, at 520.68 as small investors joined a foreign buying spree.

HELSINKI eased as interest rates were raised again. The Unitas all-share index lost 3.3, or 0.5 per cent, to 681.4

ISTANBUL *surged* to its sixth record high in a row, as the stock exchange index leapt 7.1 per cent to 1,834.83. This took its rise since August 9, when the market was opened to foreigners, to 138 per cent.

FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of tha national and regional markets of the FT-Actuaries World indices as at SEPTEMBER 29, 1989 are expressed below in millions of US dollars and as a percentaga of tha World Index. Similar figures are provided for the preceding quarter.
The percentage change for each Dollar index value since the end of the calendar year is also provided.

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of stocks per grouping)	Market capitalisation as at SEPTEMBER 29, 1989 (US$m)	% of World Index	Market capitalisation as at JUNE 30, 1989 (US$m)	% of World Index	% change in $ index since DECEMBER 30, 1988
Australia (85)	100485.2	1.38	82528.7	1.25	+7.11
Austria (19)	8922.5	0.12	6892.3	0.10	+68.01
Belgium (63)	47087.5	0.65	41847.6	0.64	+6.78
Canada (123)	156904.4	2.15	145589.8	2.21	+19.42
Denmark (36)	19504.9	0.27	19132.0	0.29	+17.00
Finland (26)	3212.0	0.04	5170.5	0.08	−4.22
France (126)	190182.0	2.61	159614.6	2.42	+20.77
West Germany (97)	227033.3	3.11	202487.5	3.07	+14.54
Hong Kong (48)	51457.2	0.71	41957.7	0.64	+4.23
Ireland (17)	8533.4	0.12	6999.0	0.11	+21.50
Italy (97)	108588.2	1.49	95355.6	1.45	+11.64
Japan (455)	3035328.6	41.59	2681978.8	40.72	+0.31
Malaysia (36)	6748.8	0.09	6014.0	0.09	+41.90
Mexico (13)	6086.0	0.08	5103.2	0.08	+90.29
Netherland (43)	94838.4	1.30	84717.5	1.29	+15.93
New Zealand (20)	11380.8	0.16	9006.4	0.14	+21.70
Norway (24)	5426.0	0.07	5206.0	0.08	+34.38
Singapore (26)	13123.7	0.18	12565.8	0.19	+30.32
South Africa (60)	46061.6	0.63	43335.9	0.66	+35.69
Spain (43)	75851.3	1.04	64470.3	0.98	+13.24
Sweden (36)	26217.8	0.36	23154.1	0.35	+26.10
Switzerland (64)	82159.2	1.13	69354.2	1.05	+16.77
United Kingdom (306)	641345.0	8.79	583492.2	8.86	+13.04
USA (548)	2331598.4	31.95	2190423.9	33.26	+25.45
Europe (996)	1539002.6	21.09	1367893.4	20.77	+14.78
Nordic (121)	54360.7	0.74	52662.6	0.80	+20.49
Pacific Basin (670)	3218524.1	44.10	2834049.1	43.03	+0.78
Euro—Pacific (1666)	4757526.7	65.19	4201742.5	63.80	+4.94
North America (671)	2488500.8	34.10	2336013.7	35.47	+25.05
Europe Ex. UK (690)	897657.8	12.30	784201.2	11.91	+15.95
Pacific Ex. Japan (215)	183195.5	2.51	152072.6	2.31	+9.14
World Ex. US (1862)	4966578.7	68.05	4395771.3	66.74	+5.62
World Ex. UK (2104)	6656830.1	91.21	6002703.0	91.14	+11.30
World Ex. So. Af. (2350)	7252113.5	99.37	6542859.4	99.34	+11.33
World Ex. Japan (1955)	4262846.6	58.41	3904218.7	59.28	+20.68
The World Index (2410)	7298175.1	100.00	6586195.2	100.00	+11.45

Buoyant Pacific markets lead the global advance

Alison Maitland on the successful third quarter

THE THIRD quarter proved to be the most *successful for the* world's stock markets since their 12.9 per cent recovery from the global crash in the first three months of 1988.

The FT-Actuaries World Index climbed by 8.9 per cent in local currency terms, well up on the 2.9 per cent advance in the second quarter and the feeble rise of 0.2 per cent in the third quarter of last year.

Out of 24 markets, nine showed double-figure gains, led by Austria (up 27.8 per cent), *Hong Kong* (up 23.8 per cent) and Mexico (up 23.7 per cent).

The best performing region was the Pacific excluding *Japan, which climbed 16.5 per* cent after its fall of 5.4 per cent in the previous quarter. This turnround reflected a recovery in sentiment after the Tiananmen Square massacre in Peking in June, which sent Hong Kong shares plunging and initially shook neighbouring exchanges.

The tables turned for the Nordic region, making it the third quarter's worst performer after it had led the world for the previous nine months.

The region was dragged *down by* Finland (−13 per cent) and Denmark (−4.7 per cent), the only two markets in the world to end the quarter in the red. *Finland did poorly in* the second quarter, too, falling 3.2 per cent, but Denmark was one of the top performers with a jump of 22 per cent. *Last* quarter's showings by Sweden (up 6.4 per cent) and Norway (up 1.3 per cent) were also not inspiring.

The world's three leading markets, Japan, the US and the UK, showed solid gains of 8.9 per cent, 9.5 per cent and 6.5 per cent respectively.

But the UK's rise was *restrained in comparison* with many of its Continental neighbours, and a gain of 7.9 per cent for Europe as a whole rises to 8.8 per cent when the UK is excluded.

As usual, the picture was very different for dollar and sterling investors. The dollar was actually slightly weaker in the third quarter as a whole than in the second, and this enhanced profits from most overseas markets for dollar investors, who had lost out for much of the first half when the currency was strong.

The UK rose 11 per cent in dollar terms, while Japan was up 12.4 per cent. In Continental *Europe, France* was up 17 per cent compared with a local currency rise of 12 per cent, and Spain gained 13 per cent compared with 8.4 per cent in local currency terms.

Sterling-based investors had a more mixed bag to cope with. In dollar-linked markets, the relative strength of the pound detracted from local gains, with the US rising only 5 per cent in sterling terms, Hong Kong 18.7 per cent and Mexico 14.4 per cent. But there were some profitable exceptions in Europe, as France rose 12.3 per cent in sterling terms and Spain 8.7 per cent.

Japan regained some weight, its share of world market capitalisation rising to 41.6 per cent from 40.7 per cent at the end of June. Europe's stake increased to 21.1 per cent from 20.8 per cent, while the US ended slightly slimmer, with a 32 per cent share against 33.3 per cent previously.

ASIA PACIFIC

Nikkei ends little changed as yen declines

Tokyo

INTEREST rate worries resurfaced yesterday, as tha yen slipped back against the dollar and share prices closed only moderately higher, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average ranged narrowly between a high of 35,418.80 and a low of 35,337.80, before closing 16.43 higher at 35,382.80. Advances led declines by 532 to 439 while 162 issues were unchanged.

Turnover rose to 888m shares from the 800m traded on Tuesday. The Topix index of all listed shares declined 8.40 to 2,679.40. In London, the ISE/Nikkei 50 index picked up 3.68 to 2,025.71.

Investors in Tokyo were losing faith in intervention, as the dollar showed remarkable resilience in the face of concerted selling by central banks in the Group of Seven industrialised nations. Concern spread about the possibility of a rise in the official discount rate to keep the dollar down.

The market was divided between companies which fell out of favour, and those which continued to win investors' approval. *Heavily-capitalised* issues fell further as the yen weakened and interest rate fears were aggravated; but special situations were actively pursued by individuals.

Nippon Steel fell Y16 to a low for the year of Y735 during the day, a drop of 25 per cent from its record high of Y984 on February 23. Mitsubishi Heavy Industries lost Y20 to Y1,110.

Toshiba, the electricals manufacturer, topped the volume list with 15.1m shares and fell Y50 to Y1,140. This reflected continued selling, following a leading broker's downward revision of earnings estimates.

Selling continned in Life Stores, bnt the sector as a whole rebounded from Tuesday's losses. Life Stores dropped Y50 to Y3,440; takeover speculation has diminished since Shnwa, the real estate group, sold its stake.

Investors also turned their attention to the small regional banks. Rumours that the big city and regional banks were bnying shares in smaller regional banks channelled takeover speculation to that *sector. Awa Bank, based on the* island of Tokushima in western Japan, rose Y30 to Y1,200 and Bank of Ikeda, in north *Osaka,* gained Y600 to Y9,900.

Losses in large capital issues led the Osaka market lower with the OSE average down 71.26 at 36,291.72.

Roundup

MIXED pickings in the Asia Pacific region suggested that some markets were getting the benefit of profit-taking elsewhere in the area.

AUSTRALIA surged again and then ebbed as rises on Wall Street's overnight performance were overtaken by profit-taking. The early push sent the All Ordinaries index up 13.1 to 1,785.2, only slightly below its post-crash peak, but it finished only 3.5 higher at 1,775.6. Turnover rose to 120m shares worth A$284m.

The Government's comment that any merger of National Australia Bank with ANZ would present "grave difficulties" pushed down bank stocks after recent gains caused in part by merger speculation. ANZ fell 10 cents to A$5.78 and National Australia lost 6 cents to A$6.84.

HONG KONG, too, edged higher as profit-taking took away most of tha gains achieved in a powerful opening *rally. The Hang Seng index* closed 7.74 higher, just below the 2,800 resistance level at 2,794.39, after gaining 30 points within the first 15 minutes. Turnover rose from HK$1.1bn to HK$1.5bn.

SINGAPORE was more positive, responding to Wall Street's surge and to heavy buying of DBS Land over several days which helped bring in foreign investors. The Straits Times industrial index rose another 19.94 points to 1,408.26 in turnover doubled from 66m shares worth S$143m to 132m and S$291m.

DBS topped the active list and rose 30 cents to S$10.50.

NEW ZEALAND put on 2.4 per cent in heavy turnover, the Barclays index closing 54.57 higher at 2,327.11. Fears that foreign investors would abandon the market after the financial failure of the investment bank, DFC New Zealand, were proved groundless in a wave of overseas buying.

Volume doubled to 16m shares worth NZ$41m from 8m and NZ$20m respectively.

TAIWAN plunged as sellers dominated the market, and the weighted index closed at 9,669.94, down 374.02 or 3.7 per cent, the largest one-day decline since June 26.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY OCTOBER 3 1989						MONDAY OCTOBER 2 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	159.02	+1.9	146.85	135.88	+1.8	4.86	156.01	142.96	133.44	159.02	128.28	136.89
Austria (19)	160.29	−0.4	148.02	156.62	+0.0	1.56	160.85	147.39	156.69	162.96	92.84	88.86
Belgium (63)	141.28	−1.0	130.46	138.14	−0.5	4.00	142.65	130.71	138.78	144.47	125.58	121.82
Canada (123)	152.83	+1.1	141.13	130.20	+1.0	3.10	151.17	138.52	128.90	153.59	124.67	120.28
Denmark (36)	196.70	−0.8	181.64	196.16	−0.1	1.62	197.84	181.28	196.43	219.89	165.35	133.69
Finland (26)	125.57	−0.3	115.96	112.42	−0.3	2.46	125.95	115.41	112.73	159.18	123.12	114.17
France (126)	136.74	+0.0	126.27	137.28	+0.7	2.74	136.72	125.28	136.35	139.67	112.57	99.99
West Germany (97)	101.56	+0.5	93.78	99.58	+1.1	2.06	101.08	92.62	98.53	102.43	79.56	79.34
Hong Kong (48)	117.77	+1.7	108.75	117.95	+1.7	4.79	115.62	106.12	116.01	140.33	86.41	98.90
Ireland (17)	159.52	+0.4	147.30	158.57	+0.7	2.79	158.86	145.56	157.46	166.69	125.00	131.72
Italy (97)	92.67	−1.1	85.57	95.50	−0.5	2.39	93.73	85.89	96.02	96.73	74.97	75.82
Japan (456)	188.38	−1.9	173.96	168.14	−0.7	0.48	192.03	175.96	169.27	200.11	164.22	160.63
Malaysia (36)	203.52	+0.2	187.94	211.18	+0.4	2.49	203.03	186.04	210.31	203.68	143.35	132.49
Mexico (13)	306.98	−0.3	283.48	870.64	−0.2	0.58	307.96	282.19	872.75	321.99	153.32	154.52
Netherland (43)	130.18	+0.7	120.21	126.58	+1.3	4.19	129.33	118.51	124.94	130.89	110.63	102.74
New Zealand (19)	81.26	−0.4	75.04	73.42	−0.2	4.68	81.63	74.80	73.60	88.16	62.64	70.77
Norway (24)	184.31	−0.3	170.20	173.99	+0.3	1.49	184.81	169.34	173.46	198.39	139.92	114.28
Singapore (26)	162.72	+0.5	150.26	147.68	+0.9	1.99	161.89	148.35	146.38	170.62	124.57	115.01
South Africa (60)	158.33	−1.2	146.21	135.19	−0.8	4.18	160.24	146.83	136.29	160.24	115.35	106.37
Spain (43)	166.90	−0.5	154.13	151.29	+0.0	3.45	167.67	153.64	151.35	169.75	143.14	141.45
Sweden (35)	181.18	−0.1	167.31	173.07	+0.3	1.98	181.36	166.19	172.64	188.94	138.45	121.65
Switzerland (64)	89.86	−0.1	82.98	91.09	+0.8	2.07	89.91	82.38	90.55	94.16	67.81	77.51
United Kingdom (306)	153.04	+0.4	141.32	141.32	+1.1	4.28	152.50	139.74	139.74	158.41	133.28	127.69
USA (548)	144.17	+1.1	133.14	144.17	+1.1	3.18	142.63	130.69	142.63	144.17	112.13	110.57
Europe (996)	131.06	+0.1	121.03	125.31	+0.8	3.35	130.91	119.96	124.34	132.95	112.63	105.57
Nordic (121)	166.75	−0.3	153.98	155.40	+0.1	1.89	167.25	153.25	155.26	178.36	137.95	114.93
Pacific Basin (669)	184.54	−1.7	170.41	164.90	−0.5	0.72	187.73	172.02	165.80	194.72	160.44	157.22
Euro—Pacific (1665)	163.26	−1.1	150.76	148.99	−0.1	1.58	165.10	151.28	149.16	168.98	141.56	136.58
North America (671)	144.59	+1.1	133.52	143.30	+1.1	3.18	143.04	131.07	141.77	144.59	112.79	111.08
Europe Ex. UK (690)	116.84	−0.1	107.90	115.36	+0.5	2.68	116.90	107.12	114.76	118.15	96.30	91.70
Pacific Ex. Japan (214)	138.28	+1.8	127.70	124.27	+1.5	4.54	136.17	124.77	122.39	138.28	111.93	116.13
World Ex. US (1861)	162.94	−1.0	150.46	148.47	−0.1	1.65	164.66	150.88	148.59	166.35	141.49	135.73
World Ex. UK (2103)	155.37	−0.4	143.48	147.51	+0.2	1.94	156.04	142.98	147.20	158.04	136.98	125.78
World Ex. So. Af. (2349)	155.13	−0.4	143.25	147.00	+0.3	2.14	155.68	142.66	146.56	155.92	136.57	126.06
World Ex. Japan (1954)	139.56	+0.7	128.87	136.27	+1.0	3.31	138.55	126.95	134.98	139.56	114.51	108.33
The World Index (2409)	155.15	−0.4	143.27	146.91	+0.3	2.15	155.71	142.66	146.49	155.89	136.68	125.94

Latest prices were unavailable for this edition.